

Annual Financial Statements

for

for the year end 30 June 2010

LAINGSBURG MUNICIPALITY

Province:

Western Cape

AFS rounding:

R (to nearest R1)

Contact Information:

Manager:	LAINGSBURG
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LAINGSBURG MUNICIPALITY
ANNUAL FINANCIAL STATEMENTS
for the year end 30 June 2010

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General information

Members of the Council

R Meyer	Mayor
R Mckeet	Deputy Mayor
B Kleinbooi	Speaker
M Gouws	Member
J De Bruyn	Member
W Du P Theron	Member

Municipal Manager

P A Williams

Chief Financial Officer

A Groenewald

Grading of Local Authority

3

Auditors

Auditor-General

Bankers

ABSA and Standard Bank

Registered Office:

Laingsburg

Physical address:

2 Van Riebeek Street
Laingsburg

Postal address:

Private Bag X4
Laingsburg

Telephone number:

023 5511019

Fax number:

023 5511019

E-mail address:

laingsadmin@xsinet.co.za



Approval of annual financial statements
ANNUAL FINANCIAL STATEMENTS
LAINGSBURG MUNICIPALITY

For the year end 30 June 2010

Approval of annual financial statements

I am responsible for the preparation of these annual financial statements, which are set out on pages 1 to 94, in terms of Section 126(1) of the Municipal Finance Management Act and which I have signed on behalf of the Municipality.

I certify that the salaries, allowances and benefits of Councillors, loans made to Councillors, if any, and payments made to Councillors for loss of office, if any, as disclosed in note 31 of these annual financial statements are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Officer Bearers Act and the Minister of Provincial and Local Government's determination in accordance with this Act.

Municipal Manager:
P A Williams

2010/08/31

LAINGSBURG MUNICIPALITY
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REPORT OF THE CHIEF FINANCIAL OFFICER

1. INTRODUCTION

These annual financial statements have been prepared in accordance with Generally Recognised Accounting Practice (GRAP), issued by the Accounting Standards Board in accordance with Section 122(3) of the Municipal Finance Management Act, (Act No 56 of 2003). The standards and pronouncements that form the GRAP Reporting Framework for the 2009 / 10 financial period is set out in Directive 4 and Directive 5 Issued by the Accounting Standards Board (ASB) on 11 March 2009.

2. KEY FINANCIAL INDICATORS

The following indicators give some insight into the financial results of the year under review.

Financial Statement Ratios:

INDICATOR	2010	2009
Surplus / (Deficit) before Appropriations	(142 928)	(1 815 197)
Surplus / (Deficit) at the end of the Year	47 301 930	47 262 787
Expenditure Categories as a percentage of Total Expenses:		
Employee Related Costs	27.28%	33.56%
Remuneration of Councillors	8.30%	8.73%
Collection Costs	0.00%	0.01%
Depreciation and Amortisation	12.33%	12.28%
Impairment Losses	0.00%	0.27%
Repairs and Maintenance	3.82%	3.89%
Interest Paid	2.63%	0.00%
Bulk Purchases	10.53%	9.58%
Contracted Services	4.84%	2.26%
Grants and Subsidies Paid	6.69%	7.61%
General Expenses	23.56%	21.81%
Current Ratio:		
Creditors Days	5	20
Debtors Days	19	28

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REPORT OF THE CHIEF FINANCIAL OFFICER

3. OPERATING RESULTS

Details of the operating results per segmental classification of expenditure are included in Appendix "D".

The overall operating results for the year ended 30 June 2010 are as follows:

DETAILS	Actual 2009/2010 R	Actual 2008/2009 R	Percentage Variance %	Budgeted 2009/2010 R	Variance actual/ budgeted %
Income:					
Opening surplus / (deficit)	9 880 368	11 698 994	(15.55)%	-	-
Operating income for the year	26 580 935	21 192 133	25.43%	25 336 014	4.91%
Appropriations for the year	(2 540 149)	(3 429)	73978.41%	-	-
	33 921 154	32 887 697	3.14%	25 336 014	33.89%
Expenditure:					
Operating expenditure for the year	26 723 863	23 007 329	16.15%	30 462 311	(12.27)%
Closing surplus / (deficit)	7 379 362	9 880 368	(25.31)%	-	-
	34 103 226	32 887 697	3.70%	30 462 311	11.95%
	(182 072)	(0)		(5 126 297)	

3.1 Rates and General Services:

Rates and General Services are all types of services rendered by the municipality, excluding those listed below. The main income sources are Assessment Rates and Sundry Fees levied.

DETAILS	Actual 2009/2010 R	Actual 2008/2009 R	Percentage Variance %	Budgeted 2009/2010 R	Variance actual/ budgeted %
Income	16 531 931	14 158 423	16.76%	16 018 887	3.20%
Expenditure	17 854 327	17 574 708	1.59%	22 731 065	(21.45)%
Surplus / (Deficit)	(1 322 396)	(3 416 285)	(61.29)%	(6 712 178)	-
Surplus / (Deficit) as % of total income	(8.00)%	(24.13)%		(41.90)%	

3.2 Housing Services:

Housing Services are services rendered by the municipality to supply housing to the community and includes the rental of units owned by the municipality to public and staff. The main income source is the levying of Housing Rentals.

DETAILS	Actual 2009/2010 R	Actual 2008/2009 R	Percentage Variance %	Budgeted 2009/2010 R	Variance actual/ budgeted %
Income	27 362	28 718	(4.72)%	19 485	40.42%
Expenditure	81 581	58 319	39.89%	62 918	29.66%
Surplus / (Deficit)	(54 220)	(29 601)	83.17%	(43 433)	-
Surplus / (Deficit) as % of total income	(198.16)%	(103.07)%		(222.90)%	

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3.3 Waste Management Services:

Waste Management Services are services rendered by the municipality for the collection, disposal and purifying of waste (refuse and sewerage). Income is mainly generated from the levying of fees and tariffs determined by the council.

DETAILS	Actual 2009/2010 R	Actual 2008/2009 R	Percentage Variance %	Budgeted 2009/2010 R	Variance actual/ budgeted %
Income	3 762 584	1 932 354	94.72%	2 059 420	82.70%
Expenditure	2 035 575	2 220 460	(8.33)%	1 678 898	21.24%
Surplus / (Deficit)	1 727 009	(288 106)	(699.44)%	380 522	-
Surplus / (Deficit) as % of total income	45.90%	(14.91)%		18.48%	

3.4 Electricity Services:

Electricity is bought in bulk from Eskom and distributed to the consumers by the municipality. The cost of bulk purchases to the municipality was R 2 815 247 (2008/2009: R 2 204 503). Tariffs levied for electricity are subject to administered adjustments.

The envisaged introduction of REDS (Regional Electricity Distribution Suppliers), where electricity will be distributed a regional supplier, will impact materially on the Annual Financial Statements of the municipality.

DETAILS	Actual 2009/2010 R	Actual 2008/2009 R	Percentage Variance %	Budgeted 2009/2010 R	Variance actual/ budgeted %
Income	4 486 031	3 357 519	33.61%	4 575 242	(1.95)%
Expenditure	4 432 429	3 489 390	27.03%	3 511 732	26.22%
Surplus / (Deficit)	53 602	(131 871)	(140.65)%	1 063 510	-
Surplus / (Deficit) as % of total income	1.19%	(3.93)%		23.24%	

3.5 Water Services:

DETAILS	Actual 2009/2010 R	Actual 2008/2009 R	Percentage Variance %	Budgeted 2009/2010 R	Variance actual/ budgeted %
Income	1 773 027	3 530 675	(49.78)%	2 662 980	(33.42)%
Expenditure	2 319 950	1 771 129	30.99%	2 477 698	(6.37)%
Surplus / (Deficit)	(546 923)	1 759 545	(131.08)%	185 282	-
Surplus / (Deficit) as % of total income	(30.85)% (0)	49.84% 291 121		6.96% (0)	

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REPORT OF THE CHIEF FINANCIAL OFFICER

4. FINANCING OF CAPITAL EXPENDITURE

The expenditure on Property, Plant and Equipment during the year amounted to R 6 221 205 (2008/2009: R 4 805 749). Full details of Property, Plant and Equipment are disclosed in Note 7 and appendices "B, C and E (2)" to the Annual Financial Statements.

The capital expenditure of R 6 221 205 was financed as follows:

DETAILS	Actual 2009/2010 R	Actual 2008/2009 R	Percentage Variance %	Budgeted 2009/2010 R	Variance actual/ budgeted %
Capital Replacement Reserve	625 374	1 631 074	(61.66)%	3 415 499	(81.69)%
Grants and Subsidies	5 595 831	3 174 675	76.26%	10 200 852	(45.14)%
	6 221 205	4 805 749	29.45%	13 616 351	(54.31)%

Source of funding as a percentage of Total Capital Expenditure:

DETAILS	2008	2007
Capital Replacement Reserve	10.05%	33.94%
Grants and Subsidies	89.95%	66.06%
Public Contributions	-	-

Property, Plant and Equipment is funded to such a great extent from grants and subsidies because the municipality does not have the financial resources to finance capital from its own funds.

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REPORT OF THE CHIEF FINANCIAL OFFICER

5. RECONCILIATION OF BUDGET TO ACTUAL

5.1 Operating Budget:

DETAILS	2010	2009
<i>Variance per Category:</i>		
Budgeted surplus before appropriations	-	(3 618 482)
Revenue variances	1 244 921	549 941
Expenditure variances:		
Employee Related Costs	(172 758)	(2 135 112)
Remuneration of Councillors	(138 016)	25 082
Collection Costs	11 386	8 907
Depreciation and Amortisation	567 116	438 330
Impairment Losses	-	(62 000)
Repairs and Maintenance	103 955	(44 296)
Interest Paid	(703 902)	-
Bulk Purchases	434 758	211 297
Contracted Services	126 064	244 284
Grants and Subsidies Paid	308 519	235 738
General Expenses	3 201 327	2 331 115
Loss on disposal of Property, Plant and Equipment	(5 126 297)	-
Transfers		
Actual surplus before appropriations	(142 928)	(1 815 197)
		(0)

DETAILS	2010	2009
<i>Variance per Service Segment:</i>		
Budgeted surplus before appropriations	-	(3 618 482)
Executive and Council	2 412 839	(2 235 831)
Finance and Administration	2 531 061	533 299
Planning and Development	(97 497)	112 956
Health	(48 834)	29 852
Community and Social Services	(96 878)	60 164
Housing	(10 787)	(71 711)
Public Safety	(758 545)	(65 041)
Sport and Recreation	(425 240)	3 115
Waste Management	1 346 487	(11 780)
Roads and Transport	1 836 388	1 057 684
Water	(732 205)	2 269 082
Electricity	(1 009 908)	116 804
Transfers	(5 126 297)	4 692
Other	36 487	-
Actual surplus before appropriations	(142 929)	(1 815 197)
	(0)	(0)

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Details of the operating results per segmental classification of expenditure are included in Appendix "D", whilst operational results per category of expenditure, together with a cryptic explanation of significant variances of more than 10% from budget, are included in Appendix "E (1)".

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REPORT OF THE CHIEF FINANCIAL OFFICER

5.2 Capital Budget:

DETAILS	Actual 2009/2010 R	Actual 2008/2009 R	Variance actual 2009/10 / 2008/09 R	Budgeted 2009/2010 R	Variance actual/ budgeted R
Executive and Council	42 258	7 504	34 754	42 258	(0)
Finance and Administration	1 517 512	185 013	1 332 499	200 667	1 316 845
Planning and Development	-	351	(351)	1 500	(1 500)
Public Works	-	28 832	(28 832)	-	-
Community and Social Services	72 360	1 459	70 901	140 000	(67 640)
Housing	-	-	-	3 596 852	(3 596 852)
Public Safety	46 588	191 935	(145 347)	121 050	(74 462)
Sport and Recreation	-	5 625	(5 625)	134 716	(134 716)
Waste Management	1 790 324	61 915	1 728 409	1 928 100	(137 776)
Roads and Transport	2 326 967	1 351 150	975 817	4 338 100	(2 011 133)
Water	422 089	2 336 955	(1 914 866)	2 275 000	(1 852 911)
Electricity	-	702	(702)	220 000	(220 000)
Other	3 108	634 308	(631 200)	618 018	(614 910)
	6 221 205	4 805 749	1 415 456	13 616 261	(7 395 056)

Details of the results per segmental classification of capital expenditure are included in Appendix "C", together with a cryptic explanation of significant variances of more than 5% from budget, are included in Appendix "E (2)".

6. ACCUMULATED SURPLUS

The balance of the Accumulated Surplus as at 30 June 2010 amounted to R 47 301 930 (30 June 2009: R 47 262 787) and is made up as follows:

Capital Replacement Reserve (CRR)	3 758 590
Government Grants Reserve	33 844 602
Donations and Public Contributions Reserve	2 319 375
Accumulated Surplus / (Deficit) due to the results of Operations	7 379 362
	<u>47 301 930</u>

The Capital Replacement Reserve replaces the previous statutory funds, like the Capital Development Fund, and is a cash-backed reserve established to enable the municipality to finance future capital expenditure. Cash contributions, depending on the availability of cash, is made annually to the reserve.

The Capitalisation and Donations and Public Contributions Reserves are utilised to offset the cost of depreciation of assets funded from Internal Advances (not applicable anymore) and Contributions from Public over the lifespan of such assets. Amounts equal to the cost of assets acquired from Public Contributions are transferred to the reserve annually.

The municipality, in conjunction with its own capital requirements and external funds (external loans and grants) is able to finance its annual infrastructure capital programme.

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REPORT OF THE CHIEF FINANCIAL OFFICER

8. LONG-TERM LIABILITIES

The outstanding amount of Long-term Liabilities as at 30 June 2010 was R 0 (30 June 2009: R0).

Refer to Appendix "A" for more detail.

9. RETIREMENT BENEFIT LIABILITIES

The outstanding amount of Retirement Benefit Liabilities as at 30 June 2010 was R 2 780 000 (30 June 2009: R 2 098 000).

This liability is in respect of continued Health Care Benefits for employees of the municipality after retirement being members of schemes providing for such benefits. This liability is unfunded.

Refer to Note 14 for more detail.

10. NON-CURRENT PROVISIONS

Non-current Provisions amounted R 139 770 as at 30 June 2010 (30 June 2009: R 67 514) and is made up as follows:

Provision for Long-term Service	139 770
	<u>139 770</u>

These provisions are made in order to enable the municipality to be in a position to fulfil its known legal obligations when they become due and payable.

Refer to Note 15 for more detail.

11. CURRENT LIABILITIES

Current Liabilities amounted R 6 804 270 as at 30 June 2010 (30 June 2009: R 5 333 250) and is made up as follows:

Consumer Deposits	Note 10	242 713
Provisions	Note 11	486 214
Creditors	Note 12	335 534
Unspent Conditional Grants and Receipts	Note 13	4 943 207
Bank Overdraft	Note 5	832 521
		<u>6 840 188</u>

Non-current Liabilities are those liabilities of the municipality due and payable in the short-term (less than 12 months). There is no known reason as to why the municipality will not be able to meet its obligations.

Refer to the indicated Notes for more detail.

12. PROPERTY, PLANT AND EQUIPMENT

The net value of Property, Plant and Equipment was R 6 221 205 as at 30 June 2010 (30 June 2009: R 6 200 747).

Refer to Note 7 and Appendices "B, C and E (2)" for more detail.

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REPORT OF THE CHIEF FINANCIAL OFFICER

13 INVESTMENTS

The municipality held Investments to the value of R 9 786 359 as at 30 June 2010 (30 June 2009: R10 595 662).

The bulk of these investments are ring-fenced for purposes of the Capital Replacement Reserve, Unspent Conditional Grants and security for Long-term Liabilities, with the result that no significant amounts are available for own purposes.

Refer to Note 5 for more detail.

15. LONG-TERM RECEIVABLES

Long-term Receivables of R 137 902 at 30 June 2010 (30 June 2009: R 106 252) is made up as follows:

Housing - Self build	77 104
Housing - Selling schemes	60 799
	<hr/> 137 902
Less: Short-term portion included in Current Assets	32 079
	<hr/> <hr/> 105 823

The substantial decrease in Long-term Receivables is attributed to the write-off of long outstanding amounts to the Provision for Doubtful Debts.

Refer to Note 9 for more detail.

16. CURRENT ASSETS

Current Assets amounted R 14 771 700as at 30 June 2010 (30 June 2009: R 15 510 271) and is made up as follows:

Inventory	Note 2	206 000
Consumer Debtors	Note 3	499 680
Other Debtors	Note 4	4 283 501
Bank Balances and Cash	Note 5	9 786 359
Current Portion of Long-term Debtors	Note 9	32 079
		<hr/> <hr/> 14 807 619

The substantial increase is due to the provision for consumption of metered services from the last reading date to 30 June 2010. Council's Credit Control Policy will have to be applied strictly and adhered to in all circumstances in order to recover monies due to the municipality. The non-collection of debt also has a negative impact on the municipality's cash flow.

Refer to the indicated Notes for more detail.

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REPORT OF THE CHIEF FINANCIAL OFFICER

17. INTER-GOVERNMENTAL GRANTS

The municipality is dependent on financial aid from other government spheres to finance its annual capital programme. Operating grants are utilised to finance indigent assistance and provision of free basic services.

Refer to Notes 13, 22 and Appendix "F" for more detail.

18. EVENTS AFTER THE REPORTING DATE

None

19. GENERAL RECOGNISED ACCOUNTING PRACTICE (GRAP)

In order to adhere to principles and procedures prescribed by law and the directions of National Treasury, the Annual Financial Statements have been converted to the new reporting GRAP-format and is now presented as such on continuous basis.

20 EXPRESSION OF APPRECIATION

We are grateful to the Executive Mayor, Councillors, the Municipal Manager and Heads of Departments for the support extended during the financial year. A special word of thanks to all staff in the Finance Department, for without their assistance these Annual Financial Statements would not have been possible.

CHIEF FINANCIAL OFFICER

A Groenewald

31 August 2010

LAINGSBURG MUNICIPALITY
STATEMENT OF FINANCIAL POSITION AT for the year end 30 June 2010

	Note	2010 R	2009 R
ASSETS			
Current Assets		14 807 619	15 510 271
Inventory	2	206 000	346 978
Trade Receivables from Exchange Transactions	3	499 680	578 359
Trade Receivables from Non-Exchange Transactions	4	4 283 501	3 956 542
Cash and Cash Equivalents	5	9 786 359	10 596 312
Current Portion of Long-term Receivables	9	32 079	32 079
Non-Current Assets		44 358 160	41 424 390
Property, Plant and Equipment	7	42 744 170	39 755 752
Investment Property	8	1 500 822	1 562 386
Finance Lease Receivables	6	7 344	
Long-term Receivables	9	105 823	106 252
Total Assets		59 165 779	56 934 661
LIABILITIES			
Current Liabilities		6 840 188	5 333 250
Consumer Deposits	10	242 713	223 785
Provisions	11	486 214	482 723
Creditors	12	335 534	1 266 601
Unspent Conditional Grants and Receipts	13	4 943 207	3 177 375
Operating Lease	6	-	14 656
Bank Overdraft	5	832 521	168 110
Non-Current Liabilities		2 861 770	2 122 514
Retirement Benefit Liabilities	14	2 722 000	2 055 000
Non-current Provisions	15	139 770	67 514
Total Liabilities		9 701 958	7 455 763
Total Assets and Liabilities		49 463 821	49 478 898
NET ASSETS		49 463 821	49 478 898
Statutory Funds	16	2 161 891	2 216 111
Accumulated Surplus / (Deficit)	17	47 301 930	47 262 787
Total Net Assets		49 463 821	49 478 898

LAINGSBURG MUNICIPALITY
STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED for the year end 30 June 2010

Budget			Actual	
2009	2010		2010	2009
R	R	Note	R	R
REVENUE				
1 093 371	1 840 784	Property Rates	1 794 372	1 122 420
4 150	2 000	Property Rates - Penalties imposed and collection charges	2 867	29 611
6 160 927	8 049 298	Service Charges	7 835 750	6 399 528
428 691	434 660	Rental of Facilities and Equipment	532 530	473 617
1 230 000	1 030 000	Interest Earned - External Investments	796 571	1 421 686
50 000	60 000	Interest Earned - Outstanding Debtors	75 729	50 588
1 876 550	1 589 000	Fines	1 271 389	1 977 292
6 650	10 140	Licences and Permits	102 058	91 486
58 000	55 000	Income for Agency Services	98 613	94 581
9 502 790	12 204 537	Government Grants and Subsidies Received	13 738 985	9 285 210
45 490	-	Public Contributions and Donations	125 257	49 495
62 745	60 595	Other Income	206 814	196 618
20 519 364	25 336 014	Total Revenue	26 580 935	21 192 133
EXPENDITURE				
5 586 958	7 117 415	Employee Related Costs	7 290 173	7 722 070
2 034 163	2 081 112	Remuneration of Councillors	2 219 128	2 009 081
12 000	12 000	Collection Costs	614	3 093
3 263 211	3 861 466	Depreciation and Amortisation	3 294 350	2 824 881
-	-	Impairment Losses	-	62 000
849 655	1 124 650	Repairs and Maintenance	1 020 695	893 951
-	-	Provision for Bad Debt	703 902	-
2 415 800	3 250 000	Bulk Purchases	2 815 242	2 204 503
763 500	1 420 000	Contracted Services	1 293 936	519 216
1 986 069	2 096 959	Grants and Subsidies Paid	1 788 440	1 750 331
7 229 505	9 498 709	General Expenses	6 297 382	5 018 203
24 140 861	30 462 311	Total Expenditure	26 723 863	23 007 329
	1 265 000	Transfer From Surplus Funds	-	-
3 621 497	3 861 297	Transfer From Grants Funds	-	-
-0	-	SURPLUS / (DEFICIT) FOR THE YEAR	(142 928)	(1 815 197)
Refer to Appendix E(1) for explanation of budget variances				

LAINGSBURG MUNICIPALITY
STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED for the year end 30 June 2010

Description	Housing Development Fund	Accumulated Surplus / (Deficit) Account				Total for Accumulated Surplus/(Deficit) Account	Total
		Capital Replacement Reserve	Donations and Public Contr Reserve	Government Grants Reserve	Accumulated Surplus / (Deficit)		
	R	R	R	R	R	R	R
2009							
Balance at 30 June 2008	2 245 712	5 515 038	2 512 661	29 561 376	11 698 994	49 288 069	51 533 780
Change in Accounting Policy (Note 27)					-	-	-
Correction of Error (Note 28)					-	-	-
Restated Balance	2 245 712	5 515 038	2 512 661	29 561 376	11 698 994	49 288 069	51 533 780
Surplus / (Deficit) for the year	(29 601)				(1 785 596)	(1 785 596)	(1 815 197)
Net gains / (losses) not recognised in the Statement of Financial Performance	-				(74 182)	(74 182)	(74 182)
Funds utilised to finance PPE	-	(1 631 074)			1 631 074	-	-
Changes to Accumulated surplus					(165 504)	(165 504)	(165 504)
Transfer to CRR		500 000			(500 000)	-	-
Grants utilised to obtain PPE				3 174 675	(3 174 675)	-	-
Offsetting of Depreciation			(96 643)	(2 153 614)	2 250 257	-	-
Balance at 30 June 2009	2 216 111	4 383 964	2 416 018	30 582 437	9 880 368	47 262 787	49 478 897
	-	-	-	-	(0 00)		
2010							
Restated Balance	2 216 111	4 383 964	2 416 018	30 582 437	9 880 368	47 262 787	49 478 897
Surplus / (Deficit) for the year	(54 220)				(88 709)	(88 709)	(142 928)
Net gains / (losses) not recognised in the Statement of Financial Performance	-				127 852	127 852	127 852
Property, Plant and Equipment purchased		(625 374)			625 374	-	-
Grants utilised to obtain PPE				5 595 831	(5 595 831)	-	-
Offsetting of Depreciation			(96 643)	(2 333 666)	2 430 308	-	-
Balance at 30 June 2010	2 161 891	3 758 590	2 319 375	33 844 602	7 379 362	47 301 930	49 463 821
	-	-					

LAINGSBURG MUNICIPALITY
CASH FLOW STATEMENT FOR THE YEAR ENDED for the year end 30 June 2010

	Note	2010 R	2009 R
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash receipts from Ratepayers, Government and Other		27 075 404	22 093 734
Cash paid to Suppliers and Employees		(22 500 257)	(20 346 876)
Cash generated from / (utilised in) Operations	32	4 575 147	1 746 858
Interest received	19	875 167	1 501 885
Interest paid	42	(703 902)	-
NET CASH FLOWS FROM / (USED IN) OPERATING ACTIVITIES		4 746 412	3 248 743
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of Property, Plant and Equipment	7	(6 221 205)	(4 805 749)
(Increase) / decrease in Long-term Receivables	9	429	(1 247)
NET CASH FLOWS FROM / (USED IN) INVESTING ACTIVITIES		(6 220 776)	(4 806 996)
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS	5	(1 474 364)	(1 558 253)
		0	0
Cash and Cash Equivalents at the beginning of the year		10 428 203	11 986 456
Cash and Cash Equivalents at the end of the year		8 953 838	10 428 203

LAINGSBURG MUNICIPALITY
STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010

1. BASIS OF PRESENTATION

The Annual Financial Statements have been prepared on an accrual basis of accounting and are in accordance with the historical cost convention, except where indicated otherwise.

These Annual Financial Statements have been prepared in accordance with the Accounting Standards as prescribed by the Minister of Finance in terms of Government Gazette number 31021, Notice Number 516, dated 9 May 2008 and also in terms of the standards and principles contained in Directives 4 and 5 issued by the ASB.

1. 1 CHANGES IN ACCOUNTING POLICY AND COMPARABILITY

Accounting Policies have been consistently applied, except where otherwise indicated below:

For the years ended 30 June 2009 and 30 June 2010 the municipality has adopted the accounting framework as set out in point 1 above. The details of any resulting changes in accounting policy and comparative restatements are set out below.

The municipality changes an accounting policy only if the following instances:

(a) is required by a Standard of GRAP; or

(b) results in the financial statements providing reliable and more relevant information about the effects of transactions, other events or conditions on the entity's financial position, financial performance or cash flow.

1. 2 CRITICAL JUDGEMENTS, ESTIMATIONS AND ASSUMPTIONS

In the application of the municipality's accounting policies, which are described below, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

These estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the critical judgements, apart from those involving estimations, that the management have made in the process of applying the municipality's Accounting Policies and that have the most significant effect on the amounts recognised in Annual Financial Statements:

LAINGSBURG MUNICIPALITY
STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010

1. BASIS OF PRESENTATION (continued)

CRITICAL JUDGEMENTS, ESTIMATIONS AND ASSUMPTIONS (continued)

1. 2

1. 2. 1 *Revenue Recognition (continued)*

In making their judgement, the management considered the detailed criteria for the recognition of revenue as set out in GRAP 9: *Revenue from Exchange Transactions* and GAMAP 9: Revenue, as far as Revenue from Non-Exchange Transactions is concerned (see Basis of Preparation above). In particular, whether the municipality, when goods are sold, had transferred to the buyer the significant risks and rewards of ownership of the goods and when services is rendered, whether the service has been rendered. Also of importance is the estimation process involved in initially measuring revenue at the fair value thereof. The management of the municipality is satisfied that recognition of the revenue in the current year is appropriate.

1. 2. 2 *Financial assets and liabilities*

The classification of financial assets and liabilities, into categories, is based on judgement by management. Accounting Policy 6.1 on *Financial Assets Classification* and Accounting Policy 6.2 on *Financial Liabilities Classification* describe the factors and criteria considered by the management of the municipality in the classification of financial assets and liabilities.

In making the above-mentioned judgement, management considered the definition and recognition criteria for the classification of financial instruments as set out in IAS 32: *Financial Instruments - Presentation* and IAS 39: *Financial Instruments - Recognition and Measurement*.

1. 2. 3 *Impairment of Financial Assets*

Accounting Policy 6.4 on *Impairment of Financial Assets* describes the process followed to determine the value by which financial assets should be impaired. In making the estimation of the impairment, the management of the municipality considered the detailed criteria of impairment of financial assets as set out in IAS 39: *Financial Instruments - Recognition and Measurement*, and used its judgement to select a variety of methods and make assumptions that are mainly based on market conditions existing at the end of the reporting period. The management of the municipality is satisfied that the impairment of financial assets recorded during the year is appropriate.

1. 2. 4 *Useful lives of Property, Plant and Equipment*

As described in Accounting Policies 3.3, 4 and 5 the municipality depreciates/ amortises its property, plant and equipment, investment property and intangible assets over the estimated useful lives of the assets, taking into account the residual values of the assets at the end of their useful lives, which is determined when the assets are available for use. The useful lives and residual values of the assets are based on industry knowledge.

LAINGSBURG MUNICIPALITY
STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010

Impairment: Write down of Property, Plant and Equipment and Inventories

1. 2. 5

Accounting Policy 3.9 on *PPE - Impairment of assets* and Accounting Policy 4.2 on *Intangible assets - Subsequent Measurement, Amortisation and Impairment* and Accounting Policy 8.2 on *Inventory - Subsequent measurement* describes the conditions under which non-financial assets are tested for potential impairment losses by the management of the municipality. Significant estimates and judgements are made relating to PPE impairment testing, Intangible assets impairment testing and write down of Inventories to the lowest of Cost and Net Realisable Values (NRV).

In making the above-mentioned estimates and judgement, management considered the subsequent measurement criteria and indicators of potential impairment losses as set out in GRAP 17: *Property, Plant and Equipment*, GRAP 12: *Inventory* and GRAP 102: *Intangible assets*. In particular, the calculation of the recoverable service amount for PPE and intangible assets and the NRV for inventories involves significant judgment by management.

1. 2. 6 *Defined Benefit Plan Liabilities*

As described in Accounting Policy 13, the municipality obtains actuarial valuations of its defined benefit plan liabilities. The defined benefit obligations of the municipality that were identified are Post-retirement Health Benefit Obligations and Long-service Awards. The estimated liabilities are recorded in accordance with the requirements of IAS 19. Details of the liabilities and the key assumptions made by the actuaries in estimating the liabilities are provided in Notes 5 and 6 to the Annual Financial Statements.

1. 2. 7 *Provisions and contingent liabilities*

Management judgement is required when recognising and measuring provisions and when measuring contingent liabilities as set out in notes, 20 and 37 respectively. Provisions are discounted where the effect of discounting is material using actuarial valuations.

1. 3 **PRESENTATION CURRENCY**

The Annual Financial Statements are presented in South African Rand, rounded off to the nearest Rand, which is the municipality's functional currency.

1. 4 **GOING CONCERN ASSUMPTION**

The Annual Financial Statements have been prepared on a going concern basis.

1. **BASIS OF PRESENTATION (continued)**

1. 5 **OFFSETTING**

Assets, liabilities, revenues and expenses have not been offset except when offsetting is required or permitted by a Standard of GRAP.

LAINGSBURG MUNICIPALITY
STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010

1. 6 STANDARDS, AMENDMENTS TO STANDARDS AND INTERPRETATIONS ISSUED

The following GRAP standards have been issued but are not yet effective and have not been early adopted by the municipality:

GRAP 18 Segment Reporting - issued March 2005
GRAP 21 Impairment of Non-cash-generating Assets - issued March 2009
GRAP 23 Revenue from Non-Exchange Transactions (Taxes and Transfers) - issued February 2008
GRAP 24 Presentation of Budget Information in Financial Statements - issued November 2007
GRAP 25 Employee Benefits - issued December 2009
GRAP 26 Impairment of Cash-generating Assets - issued March 2009
GRAP 103 Heritage Assets - issued July 2008
GRAP 104 Financial Instruments - October 2009

Application of all of the above GRAP standards will be effective from a date to be announced by the Minister of Finance. This date is not currently available.

The ASB Directive 5 paragraph 29 allows for the Municipality to may select to apply the principles established in a Standard of GRAP that has been issued, but is not yet in effect, in developing an appropriate accounting policy dealing with a particular transaction or event before applying paragraph .12 of the Standard of GRAP on Accounting Policies, Changes in Accounting Estimates and Errors.

The Municipality applied the principles established in the following Standards of GRAP that have been issued, but is not yet in effect, in developing an appropriate accounting policies dealing with the following transactions, but have not early adopted these Standards:

Impairment of Non-cash-generating Assets (GRAP 21 - issued March 2009)
Impairment of Cash-generating Assets (GRAP 26 - issued March 2009)
Revenue from Non-Exchange Transactions (GRAP 23 - issued February 2008)

The following standards, amendments to standards and interpretations have been issued but are not yet effective and have not been early adopted by the municipality:

IAS 36 Impairment of assets - amended version effective 1 January 2010
IAS 39 Financial Instruments: Recognition and Measurement - amended version effective 1 January 2010

Management has considered all of the above-mentioned GRAP standards issued but not yet effective and anticipates that the adoption of these standards will not have a significant impact on the financial position, financial performance or cash flows of the municipality.

2. STATUTORY FUNDS AND RESERVES

2. 1 Housing development fund/Housing operating account

Sections 15(5) and 16 of the Housing Act, (Act No. 107 of 1997), which came into operation on 1 April 1998, required

LAINGSBURG MUNICIPALITY
STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010

3. PROPERTY, PLANT AND EQUIPMENT

3. 1 Initial Recognition

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one year.

The cost of an item of property, plant and equipment is recognised as an asset if, and only if it is probable that future economic benefits or service potential associated with the item will flow to the municipality, and if the cost or fair value of the item can be measured reliably.

Property, plant and equipment are initially recognised at cost on its acquisition date or in the case of assets acquired by grant or donation, deemed cost, being the fair value of the asset on initial recognition. The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by the municipality. Trade discounts and rebates are deducted in arriving at the cost. The cost also includes the necessary costs of dismantling and removing the asset and restoring the site on which it is located.

When significant components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Where an asset is acquired by the municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of that asset on the date acquired.

3. PROPERTY, PLANT AND EQUIPMENT

3. 1 Initial Recognition (Continued)

The cost of an item of property, plant and equipment acquired in exchange for a non-monetary assets or monetary assets, or a combination of monetary and non-monetary assets is measured at its fair value. If the acquired item could not be measured at its fair value, its cost was measured at the carrying amount of the asset given up.

Major spare parts and servicing equipment qualify as property, plant and equipment when the municipality expects to use them during more than one period. Similarly, if the major spare parts and servicing equipment can be used only in connection with an item of property, plant and equipment, they are accounted for as property, plant and equipment.

LAINGSBURG MUNICIPALITY
STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010

3. 2 Subsequent Measurement

Subsequent expenditure relating to property, plant and equipment is capitalised if it is probable that future economic benefits or potential service delivery associated with the subsequent expenditure will flow to the entity and the cost or fair value of the subsequent expenditure can be reliably measured. Subsequent expenditure incurred on an asset is only capitalised when it increases the capacity or future economic benefits associated with the asset. Where the municipality replaces parts of an asset, it derecognises the part of the asset being replaced and capitalises the new component.

Subsequently all property plant and equipment, including for Infrastructure Assets, are measured at cost (or deemed cost), less accumulated depreciation and accumulated impairment losses.

Previously, land and buildings were carried at cost less accumulated depreciation and impairment losses. These changes are recorded as a change in accounting policy in the Statement of Financial Performance.

An increase in the carrying amount of land and buildings as a result of a revaluation is credited directly to a revaluation surplus reserve, except to the extent that it reverses a revaluation decrease of the same asset previously recognised in surplus or deficit.

A decrease in the carrying amount of an asset as a result of a revaluation is recognised in surplus or deficit, except to the extent of any credit balance existing in the revaluation surplus in respect of that asset. Where items of property, plant and equipment have been impaired, the carrying value is adjusted by the impairment loss, which is recognised as an expense in the period that the impairment is identified except where the impairment reverses a previous revaluation.

When revalue assets are sold or retired, the amounts included in the revaluation reserve in respect of that assets, are transferred to accumulated surplus or deficit.

Compensation from third parties for items of property, plant and equipment that were impaired, lost or given up is included in surplus or deficit when the compensation becomes receivable.

LAINGSBURG MUNICIPALITY

STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2010

3. 3 Depreciation

Land is not depreciated as it is regarded as having an unlimited life. Depreciation on assets other than land is calculated on cost, using the straight line method, to allocate their cost or revalue amounts to their residual values over the estimated useful lives of the assets. The depreciation method used reflects the pattern in which the asset's future economic benefits or service potential are expected to be consumed by the municipality. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately. The depreciation rates are based on the following estimated useful lives.

	Years	Buildings
<i>Infrastructure</i>		
Roads and Paving	45 - 50	<i>Other</i>
Electricity	45 - 50	Specialist Vehicles
Water	15 - 100	Other Vehicles
Sewerage	15 - 100	Office Equipment
Landfill Sites	10 - 65	Furniture and Fittings
		Watercraft
<i>Community</i>		Bins and Containers
Recreational Facilities	15 - 60	Specialised Plant and Equipment
Security	5	Other items of Plant and Equipment

The assets' residual values, estimated useful lives and depreciation method are reviewed annually, and adjusted prospectively if appropriate, at each reporting date.

3. 4 Incomplete Construction Work

Incomplete construction work is stated at historical cost. Depreciation only commences when the asset is available for use.

3. 5 Finance Leases

Assets capitalised under finance leases are depreciated over their expected useful lives on the same basis as PPE controlled by the entity or where shorter, the term of the relevant lease if there is no reasonable certainty that the municipality will obtain ownership by the end of the lease term.

LAINGSBURG MUNICIPALITY
STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010

3. PROPERTY, PLANT AND EQUIPMENT (continued)

3. 6 Infrastructure Assets

Infrastructure Assets are any assets that are part of a network of similar assets. Infrastructure assets are shown at cost less accumulated depreciation and accumulated impairment. Infrastructure assets are treated similarly to all other assets of the municipality in terms of the asset management policy.

3. 7 Housing Development Fund Assets

The Housing Development Fund contains letting schemes that is included in Council's Property Plant and Equipment. All surpluses generated from the letting schemes are transferred to the Housing Development Fund.

3. 8 Derecognition of property, plant and equipment

The carrying amount of an item of property, plant and equipment is derecognised on disposal, or when no future economic benefits or service potential are expected from its use or disposal

The gain or loss arising from the derecognition of an item of property, plant and equipment is included in surplus or deficit when the item is derecognised. Gains are not classified as revenue.

Gains or losses are calculated as the difference between the carrying value of assets (cost less accumulated depreciation and accumulated impairment losses) and the disposal proceeds is included in the Statement of Financial Performance as a gain or loss on disposal of property, plant and equipment.

3. 9 Impairment of assets

3. 9. 1 *Impairment of Cash generating assets*

The municipality assesses at each reporting date whether there is any indication that an asset may be impaired. If any such indication exists, the municipality estimates the recoverable amount of the individual asset.

LAINGSBURG MUNICIPALITY

STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2010

The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use.

If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. That reduction is an impairment loss.

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in surplus or deficit.

An impairment of assets carried at revalue amount in reduces the revaluation surplus for that asset. The decrease shall be debited directly to a revaluation surplus to the extent of any credit balance existing in the revaluation surplus in respect of that asset.

An impairment loss is recognised for cash-generating units if the recoverable amount of the unit is less than the carrying amount of the unit. The impairment loss is allocated to reduce the carrying amount of the assets of the unit as follows:

- to the assets of the unit, pro rata on the basis of the carrying amount of each asset in the unit.

A municipality assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets may no longer exist or may have decreased. If any such indication exists, the recoverable amounts of those assets are estimated.

The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation is recognised immediately in surplus or deficit.

3. 9. 2 *Impairment of Non-Cash generating assets*

The municipality assesses at each reporting date whether there is any indication that an asset may be impaired. If any such indication exists, the municipality estimates the recoverable service amount of the asset.

The recoverable service amount is the higher of a non-cash generating asset's fair value less costs to sell and its value in use. The value in use for a non-cash generating asset is the present value of the asset's remaining service potential.

If the recoverable service amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. That reduction is an impairment loss.

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in surplus or deficit. Any impairment loss of a revalue asset is treated as a revaluation decrease.

LAINGSBURG MUNICIPALITY
STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010

3. PROPERTY, PLANT AND EQUIPMENT (continued)

3. 9. 2 *Impairment of Non-Cash generating assets (continued)*

An impairment loss is recognised for non cash-generating units if the recoverable service amount of the unit is less than the carrying amount of the unit. The impairment loss is allocated to reduce the carrying amount of the assets of the unit as follows:

to the assets of the unit, pro rata on the basis of the carrying amount of each asset in the unit.

A municipality assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets may no longer exist or may have decreased. If any such indication exists, the recoverable service amounts of those assets are estimated.

The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation is recognised immediately in surplus or deficit. Any reversal of an impairment loss of a revalue asset is treated as a revaluation increase.

Transitional provisions

(and applied retrospectively where practicable), and any changes therein have been implemented in accordance with the requirements of GRAP 17, GRAP 3 and ASB Directive 4.

4. INTANGIBLE ASSETS

4. 1 Initial Recognition

Identifiable non-monetary assets without physical substance are classified and recognised as intangible assets. The municipality recognises an intangible asset in its Statement of Financial Position only when it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the municipality and the cost or fair value of the asset can be measured reliably.

Internally generated intangible assets are subject to strict recognition criteria before they are capitalised. Research expenditure is recognised as an expense as incurred. Costs incurred on development projects (relating to the design and testing of new or improved products) are recognised as intangible assets when the following criteria are fulfilled:

- it is technically feasible to complete the intangible asset so that it will be available for use;
- management intends to complete the intangible asset and use or sell it;
- there is an ability to use or sell the intangible asset;
- it can be demonstrated how the intangible asset will generate probable future economic benefits; adequate technical, financial and other resources to complete the development and to use or sell the
- intangible asset are available; and
- the expenditure attributable to the intangible asset during its development can be reliably measured.

Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period. Capitalised development costs are recorded as intangible assets and amortised from the point at which the asset is ready for use on a straight-line basis over its useful life, not exceeding five years. Development assets are tested for impairment annually, in accordance with IPSAS 21/ IAS 36.

LAINGSBURG MUNICIPALITY
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FOR THE YEAR ENDED 30 JUNE 2010

4. INTANGIBLE ASSETS (continued)

4. 1 Initial Recognition (continued)

Intangible assets are initially recognised at cost. The cost of an intangible asset is the purchase price and other costs attributable to bring the intangible asset to the location and condition necessary for it to be capable of operating in the manner intended by the municipality, or where an intangible asset is acquired at no cost, or for a nominal cost, the

4. 2 Subsequent Measurement, Amortisation and Impairment

After initial recognition, an intangible asset are carried at its cost less any accumulated amortisation and any accumulated impairment losses.

After initial recognition, intangible assets are carried at a revalue amount, being its fair value at the date of the revaluation less any subsequent accumulated amortisation and any subsequent accumulated impairment losses. If the intangible asset's carrying amount is increased as a result of a revaluation, the increase is credited directly to the revaluation surplus.

However, the increase is recognised in surplus or deficit to the extent that it reverses a revaluation decrease of the same intangible asset previously recognised in surplus or deficit.

In terms of GRAP 102, intangible assets are distinguished between internally generated intangible assets and other intangible assets. It is further distinguished between indefinite or finite useful lives. Amortisation is charged on a straight-line basis over the intangible assets' useful lives, which are estimated to be between 3 to 5 years. Where intangible assets are deemed to have an indefinite useful life, such intangible assets are not amortised, for example servitudes obtained by the municipality give the municipality access to land for specific purposes for an unlimited period - however, such intangible assets are subject to an annual impairment test.

Intangible assets are annually tested for impairment, including intangible assets not yet available for use. Where items of intangible assets have been impaired, the carrying value is adjusted by the impairment loss, which is recognised as an expense in the period that the impairment is identified except where the impairment reverses a previous revaluation. The impairment loss is the difference between the carrying amount and the recoverable amount.

The estimated useful life and amortisation method are reviewed annually at the end of the financial year. Any adjustments arising from the annual review are applied prospectively as a change in accounting estimate in the Statement of Financial Performance.

4. 3 Derecognition

Intangible assets are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising on the disposal or retirement of an intangible asset is determined as the difference between the net disposals proceeds and the carrying value and is recognised in the Statement of Financial Performance.

Transitional provisions

Intangible assets recognised in terms of GRAP 102 have been presented for the financial year ended 30 June 2010 (and retrospectively where practicable) in accordance with the requirements of GRAP 102, GRAP 3 and ASB Directive 4. ")

LAINGSBURG MUNICIPALITY
STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010

5. INVESTMENT PROPERTY

5. 1 Initial Recognition

Investment property includes property (land or a building, or part of a building, or both land or buildings held under a finance lease) held to earn rentals and/or for capital appreciation, rather than held to meet service delivery objectives, the production or supply of goods or services, or the sale of an asset in the ordinary course of operations.

At initial recognition, the municipality measures investment property at cost including transaction costs once it meets the definition of investment property. However, where an investment property was acquired through a non-exchange transaction (i.e. where it acquired the investment property for no or a nominal value), its cost is its fair value as at the date of acquisition.

The cost of self-constructed investment property is the cost at date of completion.

Based on management's judgement, the following criteria have been applied to distinguish investment properties from owner occupied property or property held for resale:

- All properties held to earn market-related rentals or for capital appreciation or both and that are not used for administrative purposes and that will not be sold within the next 12 months are classified as Investment Properties;
- Land held for a currently undetermined future use. (If the Municipality has not determined that it will use the land as owner-occupied property or for short-term sale in the ordinary course of business, the land is regarded as held for capital appreciation);
- A building owned by the entity (or held by the entity under a finance lease) and leased out under one or more operating leases (this will include the property portfolio rented out by the Housing Board on a commercial basis on behalf of the municipality); and
- A building that is vacant but is held to be leased out under one or more operating leases on a commercial basis to external parties.

The following assets do not fall in the ambit of Investment Property and shall be classified as Property, Plant and Equipment, Inventory or Non-Current Assets Held for Sale, as appropriate:

- Property intended for sale in the ordinary course of operations or in the process of construction or
 - development for such sale;
 - Property being constructed or developed on behalf of third parties;
Owner-occupied property, including (among other things) property held for future use as owner-occupied property, property held for future development and subsequent use as owner-occupied property, property occupied by employees such as housing for personnel (whether or not the employees pay rent at market rates) and owner-occupied property awaiting disposal;
 - Property that is being constructed or developed for future use as investment property;
 - Property that is leased to another entity under a finance lease;
Property held to provide a social service and which also generates cash inflows, e.g. property rented out below market rental to sporting bodies, schools, low income families, etc.; and
 - Property held for strategic purposes or service delivery.

LAINSBURG MUNICIPALITY
STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010

5. INVESTMENT PROPERTY (continued)

5. .2 Subsequent Measurement - Fair Value Model

Investment property is measured using the fair value model. Investment property is carried at fair value, representing open market value determined annually by external values at the reporting date. Fair value is based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. A gain or loss arising from a change in the fair value of investment property is included in surplus or deficit for the period in which it arises.

6. FINANCIAL INSTRUMENTS

The municipality has various types of financial instruments and these can be broadly categorised as either financial assets, financial liabilities or equity instruments in accordance with the substance of the contractual agreement .

Initial recognition

Fair value methods and assumptions

The effective interest rate method

Amortised cost

6. 1 Financial Assets - Classification

A financial asset is any asset that is a cash or contractual right to receive cash.

In accordance with IAS 39.09 the Financial Assets of the municipality are classified as follows into the four categories allowed by this standard:

Loans and Receivables are non derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months, which are classified as non-current assets. Loans and receivables are initially recognised at fair value plus transaction costs that are directly attributable to the acquisition or issue of the financial asset. After initial recognition Financial Assets are measured at amortised cost, using the effective interest rate method less a provision for impairment.

Held-to-Maturity Investments are financial assets with fixed or determinable payments and fixed maturity where the municipality has the positive intent and ability to hold the investment to maturity.

Financial assets at fair value through profit or loss are financial assets that meet either of the following conditions:

- they are classified as held for trading; or
- upon initial recognition they are designated as at fair value through the Statement of Financial Performance.

Available for sale investments are financial assets that are designated as available for sale or are not classified as:

- Loans and Receivables;
- Held-to-Maturity Investments; or
- Financial assets at fair value through profit and loss

LAINGSBURG MUNICIPALITY

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FOR THE YEAR ENDED 30 JUNE 2010

The municipality has the following types of financial assets as reflected on the face of the Statement of Financial Position or in the notes thereto:

Type of Financial Asset	Classification
Short-term Investment Deposits – Call	Available
Bank Balances and Cash	Available
Long-term Receivables	Loans and
Consumer Debtors	Loans and
Other Debtors	Loans and
Investments in Fixed Deposits	Held-to-

6. FINANCIAL INSTRUMENTS (continued)

6. 1 Financial Assets - Classification (continued)

Cash includes cash on hand (including petty cash) and cash with banks (including call deposits). Cash equivalents are short-term highly liquid investments, readily convertible into known amounts of cash, that are held with registered banking institutions with maturities of three months or less and are subject to an insignificant risk of change in value. For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, deposits held on call with banks, net of bank overdrafts. The municipality categorises cash and cash equivalents as financial assets: available for sale.

6. 2 Financial Liabilities - Classification

A financial liability is a contractual obligation to deliver cash or another financial asset to another entity. The municipality has the following types of financial liabilities as reflected on the face of the Statement of Financial Position or in the notes thereto:

- Long-term Liabilities
- Certain Other Creditors (see note 9)
- Bank Overdraft
- Short-term loans
- Current Portion of Long-term Liabilities
- Consumer Deposits

There are three main categories of *Financial Liabilities*, the classification determining how they are measured. Financial liabilities may be measured at:

- (i) Fair value through profit or loss; or
- (ii) Other financial liabilities (Financial liabilities measured at amortised cost)
- (iii) Financial guarantee contract

Financial liabilities that are measured at fair value through profit or loss are financial liabilities that are essentially held for trading (i.e. purchased with the intention to sell or repurchase in the short term; derivatives other than hedging instruments or are part of a portfolio of financial instruments where there is recent actual evidence of short-term profiteering or are derivatives)

Any other financial liabilities are classified as "Other financial liabilities" in accordance with IAS 39.09

Bank overdrafts are recorded based on the facility utilised. Finance charges on bank overdrafts are expensed as incurred.

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6. 3 Initial and Subsequent Measurement

6. 3. 1 Financial Assets:

Held-to-maturity Investments are initially measured at fair value plus transaction costs that are directly attributable to the acquisition or issue of the financial asset. Subsequently, these assets are measured at amortised cost using the Effective Interest Method less any impairment, with revenue recognised on an effective yield basis.

Loans and Receivables are initially measured at fair value plus transaction costs that are directly attributable to the acquisition or issue of the financial asset. Subsequently, these assets are measured at amortised cost using the Effective Interest Method less any impairment, with interest recognised on an effective yield basis. .

Trade and other receivables (excluding Value Added Taxation, prepayments and operating lease receivables), loans to group entities and loans that have fixed and determinable payments that are not quoted in an active market are classified as loans and receivables.

Available-for-Sale Financial Assets are initially measured at fair value plus directly attributable transaction costs. They are subsequently measured at fair value with unrealised gains or losses recognised directly in equity until the investment is derecognised, at which time the cumulative gain or loss recorded in equity is recognised in the statement of financial performance, or determined to be impaired, at which time the cumulative loss recorded in equity is recognised in the statement of financial performance.

6. 3. 2 Financial Liabilities:

Financial liabilities

Financial liabilities that are measured at fair value through profit or loss are stated at fair value, with any resulted gain or loss recognised in the Statement of Financial Performance.

Financial Liabilities held at amortised cost

Any other financial liabilities are classified as "Other financial liabilities" (All payables, loans and borrowings are classified as other liabilities) and are initially measured at fair value, net of transaction costs. Trade and other payables, interest bearing debt including finance lease liabilities, non-interest bearing debt and bank borrowings are subsequently measured at amortised cost using the effective interest rate method. Interest expense is recognised in the Statement of Financial Performance by applying the effective interest rate.

Bank borrowings, consisting of interest-bearing short-term bank loans, repayable on demand and overdrafts are recorded at the proceeds received. Finance costs are accounted for using the accrual basis and are added to the carrying amount of the bank borrowing to the extent that they are not settled in the period that they arise.

Prepayments are carried at cost less any accumulated impairment losses.

Financial guarantee contract

Financial guarantee contracts represent contracts that require the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when they are contractually due.

Financial guarantee contract liabilities are initially measured at fair value.

The subsequent measurement of financial guarantee contracts is the higher of the amount determined in accordance with the policy on provisions as set out below, or the amount initially recognised less when appropriate cumulative amortisation.

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6. 4 Impairment of Financial Assets

Financial assets, other than those at fair value through profit or loss, are assessed for indicators of impairment at the end of each reporting period. Financial assets are impaired where there is objective evidence of impairment of Financial Assets (such as the probability of insolvency or significant financial difficulties of the debtor). If there is such evidence the recoverable amount is estimated and an impairment loss is recognised in accordance with IAS 39.

6. FINANCIAL INSTRUMENTS (continued)

6. 4 Impairment of Financial Assets

Available-for-sale financial assets

When a decline in the fair value of an available-for-sale financial asset has been recognised directly in net assets and there is objective evidence that the asset is impaired, the cumulative loss that had been recognised directly in net assets shall be removed and recognised in the Statement of Financial Performance even though the financial asset has not been derecognised.

The amount of the cumulative loss that is removed from net assets and recognised in the Statement of Financial Performance is the difference between the acquisition cost (net of any principal repayment and amortisation) and current fair value, less any impairment loss on that financial asset previously recognised in Statement of Financial Performance.

Financial assets carried at amortised cost

Accounts receivables encompasses long term debtors, consumer debtors and other debtors.

Initially Accounts Receivable are valued at fair value and subsequently carried at amortised cost using the effective interest rate method. An estimate is made for doubtful debt based on past default experience of all outstanding amounts at year-end. Bad debts are written off the year in which they are identified as irrecoverable. Amounts receivable within 12 months from the date of reporting are classified as current.

A provision for impairment of accounts receivables is established when there is objective evidence that

Government accounts are not provided for as such accounts are regarded as receivable.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets carried at amortised cost with the exception of consumer debtors, where the carrying amount is reduced through the use of an allowance account. When a consumer debtor is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in the Statement of Financial Performance.

With the exception of Available-for-Sale equity instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through the Statement of Financial Performance to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

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6. 5 Derecognition of Financial Assets

The municipality derecognises Financial Assets only when the contractual rights to the cash flows from the asset expire or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity, except when Council approves the write-off of Financial Assets due to non recoverability.

If the municipality neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the municipality recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the municipality retains substantially all the risks and rewards of ownership of a transferred financial asset, the municipality continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

6. 6 Derecognition of Financial Liabilities

The municipality derecognises Financial Liabilities when, and only when, the municipality's obligations are discharged, cancelled or they expire.

7. RISK MANAGEMENT OF FINANCIAL ASSETS AND LIABILITIES

It is the policy of the municipality to disclose information that enables the user of its financial statements to The Group has exposure to the following risks from its use of financial instruments:

Risks and exposure are disclosed as follows:

Market Risk

- Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and
- The maximum exposure to cash flow and fair value risk, price risk and foreign currency risk.
- Sensitivity analysis for each of the market risks

Credit Risk

- Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers and investment securities.
- Each class of financial instrument is disclosed separately.
- Maximum exposure to credit risk not covered by collateral is specified.
- Financial instruments covered by collateral are specified.

7. RISK MANAGEMENT OF FINANCIAL ASSETS AND LIABILITIES (continued)

Liquidity Risk

▪

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

▪

A maturity analysis for financial assets and liabilities that shows the remaining contractual maturities.

▪

Liquidity risk is managed by ensuring that all assets are reinvested at maturity at competitive interest rates in relation to cash flow requirements. Liabilities are managed by ensuring that all contractual payments are met on a timeous basis and, if required, additional new arrangements are established at competitive rates to ensure that cash flow requirements are met.

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A maturity analysis for financial liabilities (where applicable) that shows the remaining undiscounted contractual maturities is disclosed in note 47.7 to the annual financial statements.

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8. INVENTORIES

8. 1 Initial Recognition

Inventories comprise current assets held for sale, current assets for consumption or distribution during the ordinary course of business. Inventories are initially recognised at cost. Cost generally refers to the purchase price, plus taxes, transport costs and any other costs in bringing the inventories to their current location and condition. Where inventory is manufactured, constructed or produced, the cost includes the cost of labour, materials and overheads used during the manufacturing process.

Where inventory is acquired by the municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of the item on the date acquired.

Direct costs relating to properties that will be sold as inventory are accumulated for each separately identifiable development. Costs also include a proportion of overhead costs.

8. 2 Subsequent Measurement

Consumable stores, raw materials, work-in-progress and finished goods

Consumable stores, raw materials, work-in-progress and finished goods are valued at the lower of cost and net realisable value. In general, the basis of determining cost is the weighted average cost of commodities. If inventories are to be distributed at no charge or for a nominal charge they are valued at the lower of cost and current replacement cost.

Water inventory

Water is regarded as inventory when the municipality purchases water in bulk with the intention to resell it to the consumers or to use it internally, or where the municipality has incurred purification costs on water obtained from natural resources (rain, rivers, springs, boreholes etc.). However, water in dams, that are filled by natural resources and that has not yet been treated, and is under the control of the municipality but can not be measured reliably as there is no cost attached to the water, and it is therefore not recognised in the statement of financial position.

The basis of determining the cost of water purchased and not yet sold at statement of financial position date comprises all costs of purchase, cost of conversion and other costs incurred in bringing the inventory to its present location and condition, net of trade discounts and rebates.

Water and purified effluent are valued by using the **(FIFO / weighted average)** method, at the lowest of purified cost and net realisable value, insofar as it is stored and controlled in reservoirs at year-end.

Unsold properties

Unsold properties are valued at the lower of cost and net realisable value on a weighted average cost basis. Direct costs are accumulated for each separately identifiable development. Cost also includes a portion of overhead costs, if this relates to development.

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Redundant and slow-moving inventories are identified and written down from cost to net realisable value with regard to their estimated economic or realisable values and sold by public auction. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses. Differences arising on the valuation of inventory are recognised in the Statement of Financial Performance in the year in which they arose. The amount of any reversal of any write-down of inventories arising from an increase in net realisable value or current replacement cost is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

The carrying amount of inventories is recognised as an expense in the period that the inventory was sold, distributed, written off or consumed, unless that cost qualifies for capitalisation to the cost of another asset.

Transitional provisions

The net realisable value of inventory recognised in terms of GRAP 12 have been disclosed for the financial year ended 30 June in accordance with the requirements of GRAP 12, GRAP 3 and ASB Directive 4.

9. NON-CURRENT ASSETS HELD-FOR-SALE

9. 1 Initial Recognition

Non-current Assets and Disposal Groups are classified as held-for-sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

9. 2 Subsequent Measurement

Non-current Assets (and Disposal Groups) classified as held-for-sale are measured at the lower of their previous carrying amount and fair value less costs to sell.

A non-current asset is not depreciated (or amortised) while it is classified as held for sale, or while it is part of a disposal group classified as held for sale.

Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale are recognised in surplus or deficit.

The gain or loss on the eventual sale of non-current assets held for sale is included in the Statement of Financial

Performance as gain or loss on sale of assets. The gain or loss on the eventual sale of non-current assets held for sale, is

calculated on the difference between the net disposal proceeds and the carrying amount of the individual asset or the disposal group.

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10. REVENUE RECOGNITION

10. 1 General

Revenue, is derived from a variety of sources which include rates levied, grants from other tiers of government and revenue from trading activities and other services provided.

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the municipality's activities. Revenue is shown net of value-added tax, returns, rebates and discounts.

The municipality recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the municipality and when specific criteria have been met for each of the municipalities' activities as described below. The amount of revenue is not considered to be reliably measurable until all contingencies relating to the sale have been resolved. The municipality bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

Revenue from exchange transactions refers to revenue that accrued to the municipality directly in return for services rendered / goods sold, the value of which approximates the consideration received or receivable.

Revenue from non-exchange transactions refers to transactions where the municipality received revenue from another entity without directly giving approximately equal value in exchange. Revenue from non-exchange transactions is generally recognised to the extent that the related receipt or receivable qualifies for recognition as an asset and there is no liability to repay the amount.

10. 2 Revenue from Exchange Transactions

10. 2. 1 Service Charges

Service charges relating to solid waste, sanitation and sewage are levied in terms of the approved tariffs.

Service charges relating to electricity and water are based on consumption. Meters are read on a monthly

Service charges relating to refuse removal are recognised on a monthly basis in arrears by applying the approved tariff to each property that has improvements. Tariffs are determined per category of property usage, and are levied monthly based on the number of refuse containers on each property, regardless of whether or not all containers are emptied during the month.

Service charges from sewerage and sanitation are based on the type of service and the number of sewer connections on all developed property, using the tariffs approved by Council and are levied monthly.

In circumstances where services cannot readily be measured and quantified, a flat rate service charge is levied monthly on such properties.

10. 2. 2 Pre-paid Electricity

Revenue from the sale of electricity pre-paid meter cards are recognised at the point of sale and if payment is made five days before year end it's recognised based on an estimate of the prepaid electricity consumed as at the reporting date.

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10. 2. 3 *Finance income*

Interest earned on investments is recognised in the Statement of Financial Performance on the time proportionate basis that takes into account the effective yield on the investment.

Interest earned on the following investments is not recognised in the Statement of Financial Performance:

- Interest earned on trust funds is allocated directly to the fund.
- Interest earned on unutilised conditional grants is allocated directly to the creditor: unutilised conditional grants, if the grant conditions indicate that interest is payable to the funder.

10. 2. 4 *Tariff Charges*

Revenue arising from the application of the approved tariff of charges is recognised when the relevant service is rendered by applying the relevant authorised tariff. This includes the issuing of licences and permits.

10. 2. 5 *Income from Agency Services*

Income for agency services is recognised on a monthly basis once the income collected on behalf of agents has been quantified. The income recognised is in terms of the agency agreement.

10. REVENUE RECOGNITION (continued)

10. 2 *Revenue from Exchange Transactions (continued)*

10. 2. 6 *Sale of Goods (including Houses)*

Revenue from the sale of goods is recognised when all the following conditions have been met:

- The municipality has transferred to the buyer the significant risks and rewards of ownership of the goods.
- The municipality retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold.
- The amount of revenue can be measured reliably.
- It is probable that the economic benefits or service potential associated with the transaction will flow to the municipality.
-

The costs incurred or to be incurred in respect of the transaction can be measured reliably.

10. 2. 7 *Rentals*

Revenue from the rental of facilities and equipment is recognised on a straight-line basis over the term of the lease agreement.

10. 2. 8 *Dividends*

Dividends are recognised on the date that the municipality becomes entitled to receive the dividend in accordance with the substance of the relevant agreement, where applicable.

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10. 2. 9 *Royalties*

Royalties are recognised on an accrual basis in accordance with the substance of the relevant agreement. Royalties determined on a time basis are recognised on a straight-line basis over the period of the agreement. Royalty arrangements that are based on production, sales and other measures are recognised by reference to the underlying arrangement.

10. 3 Revenue from Non-exchange Transactions

10. 3. 1 *Rates and Taxes*

Revenue from property rates is recognised when the legal entitlement to this revenue arises. Collection charges are recognised when such amounts are legally enforceable. Penalty interest on unpaid rates is recognised on a time proportion basis with reference to the principal amount receivable and effective interest rate applicable. A composite rating system charging different rate tariffs is employed. Rebates are granted to certain categories of ratepayers and are deducted from revenue.

10. 3. 2 *Fines*

Fines constitute both spot fines and summonses for which revenue is recognised when payment is received,

10. 3. 3 *Public contributions*

Revenue from public contributions is recognised when all conditions associated with the contribution have been met or where the contribution is to finance property, plant and equipment, when such items of property, plant and equipment are available for use. Where public contributions have been received and the municipality has not met the condition, a liability is recognised.

10. 3. 4 *Other Donations and Contributions*

Donations are recognised on a cash receipt basis or where the donation is in the form of property, plant and equipment, when such items of property, plant and equipment are available for use.

10. 3. 5 *Revenue from Recovery of Unauthorised, Irregular, Fruitless and Wasteful Expenditure*

Revenue from the recovery of unauthorised, irregular, fruitless and wasteful expenditure is based on legislated procedures, including those set out in the Municipal Finance Management Act (Act No.56 of 2003) and is recognised when the recovery thereof from the responsible councillors or officials is virtually certain. Such revenue is based on legislated procedures.

10. 4 Transitional Provisions

Revenue is initially recognised at fair value for the year ended 30 June 2009 (and retrospectively, where practicable) by discounting all future receipts using an imputed rate of return in accordance with the requirements of GRAP 9, GRAP 3 and SAICA circular 09/2006.

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11. CONDITIONAL GRANTS AND RECEIPTS

Equitable share allocations are recognised revenue at time-based .

Income received from conditional grants, donations and funding are recognised as revenue to the extent that the municipality has complied with any of the criteria, conditions or obligations embodied in the agreement. To the extent that the criteria, conditions or obligations have not been met a liability is recognised. Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the municipality with no future related costs are recognised in the Statement of Financial Performance in the period in which they become receivable.

Government grants and conditional receipts are recognised as revenue when:

Interest earned on investments is treated in accordance with grant conditions. If it is payable to the funder it is recorded as part of the creditor and if it is the municipality's interest it is recognised as interest earned in the Statement of Financial Performance.

12. PROVISIONS

Provisions are recognised when the municipality has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate can be made of the obligation.

Future events that may affect the amount required to settle an obligation are reflected in the amount of a provision where there is sufficient objective evidence that they will occur. Gains from the expected disposal of assets are not taken into account in measuring a provision. Provisions are not recognised for future operating losses. The present obligation under an onerous contract is recognised and measured as a provision. An onerous contract is a contract in which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it. The unavoidable costs under a contract reflect the least net cost of exiting from the contract, which is the lower of the cost of fulfilling it and any compensation or penalties arising from failure to fulfil it - this unavoidable cost resulting from the contract is the amount of the provision to be recognised.

Provisions are reviewed at reporting date and the amount of a provision is the present value of the

Provision for Restructuring cost

A provision for restructuring costs is recognised only when the following criteria over and above the recognition criteria of a provision have been met:

- (a) The municipality has a detailed formal plan for the restructuring identifying at least:
- the business or part of a business concerned;
 - the principal locations affected;
 - the location, function, and approximate number of employees who will be compensated for terminating
 - the expenditures that will be undertaken;
 - when the plan will be implemented; and;
- (b)
- The municipality has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

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Environmental rehabilitation provisions

Estimated long-term environmental provisions, comprising rehabilitation and landfill site closure, are based

13. EMPLOYEE BENEFITS

13. 1 Short-term Employee Benefits

Remuneration to employees is recognised in the Statement of Financial Performance as the services are rendered, except for non-accumulating benefits, which are only recognised when the specific event occurs.

The municipality treats its provision for leave pay as an accrual.

The costs of all short-term employee benefits such as leave pay, are recognised during the period in which the employee renders the related service. The liability for leave pay is based on the total accrued leave days at year end and is shown as a creditor in the Statement of Financial Position. The municipality recognises the expected cost of performance bonuses only when the municipality has a present legal or constructive obligation to make such payment and a reliable estimate can be made.

13. 2 Post employment benefits

The municipality provides retirement benefits for its employees and councillors, and has both defined benefit and defined contribution post employment plans.

13. 2 1 Defined Contribution Plans

A **defined contribution plan** is a plan under which the municipality pays fixed contributions into a separate entity. The municipality has no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to service in the current or prior periods.

The municipality's contributions to the defined contribution funds are established in terms of the rules governing those plans. Contributions are recognised in the Statement of Financial Performance in the period in which the service is rendered by the relevant employees. The municipality has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

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13. EMPLOYEE BENEFITS (continued)

13. 3 Defined Benefit Plans

A **defined benefit plan** is a post-employment benefit plan other than a defined contribution plan.

13. 3. 1 *Post-retirement Health Care Benefits:*

The municipality has an obligation to provide Post-retirement Health Care Benefits to certain of its retirees. According to the rules of the Medical Aid Funds, with which the municipality is associated, a member (who is on the current Conditions of Service), on retirement, is entitled to remain a continued member of the Medical Aid Fund, in which case the municipality is liable for a certain portion of the medical aid membership fee.

The defined benefit liability is the aggregate of the present value of the defined benefit obligation and unrecognised actuarial gains and losses, reduced by unrecognised past service costs. The plan is unfunded. The present value of the defined benefit obligation is calculated using the projected unit credit method, incorporating actuarial assumptions and a discount rate based on the government bond rate. Valuations of these obligations are carried out every year by independent qualified actuaries.

Actuarial gains or losses are accounted for using the “*corridor method*”. Actuarial gains and losses are eligible for recognition in the Statement of Financial Performance to the extent that they exceed 10 per cent of the present value of the gross defined benefit obligations in the scheme at the end of the previous reporting period. Actuarial gains and losses exceeding 10 per cent are spread over the expected average remaining working lives of the employees participating in the scheme.

Past-service costs are recognised immediately in income, unless the changes to the pension plan are conditional on the employees remaining in service for a specified period of time (the vesting period). In this case, the past-service costs are amortised on a straight-line basis over the vesting period.

13. 3. 2 *Long-service Allowance*

The municipality has an obligation to provide Long-service Allowance Benefits to all of its employees.

13. 3. 3 *Provincially-administered Defined Benefit Plans*

The municipality contributes to various National- and Provincial-administered Defined Benefit Plans on behalf of its qualifying employees. These funds are multi-employer funds (refer to Note 47 of the Annual Financial Statements for details). The contributions to fund obligations for the payment of retirement benefits are charged against revenue in the year they become payable. These defined benefit funds are actuarially valued triennially on the Projected Unit Credit Method basis. Deficits are recovered through lump sum payments or increased future contributions on a proportional basis from all participating municipalities.

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13. 3. 4 *Defined benefit pension plans*

The municipality has an obligation to provide Post-retirement pension Benefits to certain of its retirees. Pension contributions in respect of employees who were not members of a pension fund are recognised as an expense when incurred. Staff provident funds are maintained to accommodate personnel who, due to age, cannot join or be part of the various pension funds. The Entity contributes monthly to the funds.

The liability recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets, together with adjustments for unrecognised past-service costs. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension liability.

Actuarial gains or losses are accounted for using the “corridor method”. Actuarial gains and losses are eligible for recognition in the Statement of Financial Performance to the extent that they exceed 10 per cent of the present value of the gross defined benefit obligations in the scheme at the end of the previous reporting period. Actuarial gains and losses exceeding 10 per cent are spread over the expected average remaining working lives of the employees participating in the scheme.

Past-service costs are recognised immediately in income, unless the changes to the pension plan are conditional on the employees remaining in service for a specified period of time (the vesting period). In this case, the past-service costs are amortised on a straight-line basis over the vesting period.

14. LEASES

Lease Classification

Leases are classified as finance leases where substantially all the risks and rewards associated with ownership of an asset are transferred to the municipality.

Leases of property, plant and equipment, in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases.

14. 1 The Municipality as Lessee

Finance leases

Where the Municipality enters into a finance lease, Property, plant and equipment or Intangible Assets subject to finance lease agreements are capitalised at amounts equal to the fair value of the leased asset or, if lower, the present value of the minimum lease payments, each determined at the inception of the lease. Corresponding liabilities are included in the Statement of Financial Position as Finance Lease Liabilities. The corresponding liabilities are initially recognised at the inception of the lease and are measured as the sum of the minimum lease payments due in terms of the lease agreement, discounted for the effect of interest. In discounting the lease payments, the municipality uses the interest rate that exactly discounts the lease payments and unguaranteed residual value to the fair value of the asset plus any direct costs incurred. Lease payments are allocated between the lease finance cost and the capital repayment using the effective interest rate method. Lease finance costs are expensed when incurred.

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Subsequent to initial recognition, the leased assets are accounted for in accordance with the stated accounting policies applicable to property, plant, equipment or intangibles. The lease liability is reduced by the lease payments, which are allocated between the lease finance cost and the capital repayment using the effective interest rate method. Lease finance costs are expensed when incurred. The accounting policies relating to derecognition of financial instruments are applied to lease payables. The lease asset is depreciated over the shorter of the asset's useful life or the lease term.

Operating leases

The municipality recognises operating lease rentals as an expense in the statement of financial performance on a straight-line basis over the term of the relevant lease. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset or liability

14. LEASES (continued)

14. 1 The Municipality as Lessee (continued)

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

14. 2 The Municipality as Lessor

Amounts due from lessees under finance leases or instalment sale agreements are recorded as receivables at the amount of the Municipality's net investment in the leases. Finance lease or instalment sale income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Municipality's net investment outstanding in respect of the leases or instalment sale agreements.

Operating lease rental income is recognised on a straight-line basis over the term of the relevant lease.

15. BORROWING COSTS

The municipality capitalises borrowing costs incurred that are directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of that asset only when the commencement date for capitalisation is on or after 1 July 2008, while all other borrowing costs incurred (including borrowing cost incurred on qualifying assets where the commencement date for capitalisation is prior to 1 July 2008) are recognised as an expense in the Statement of Financial Performance for the financial year ending 30 June 2010 in accordance with the requirements of GRAP 5 and ASB Directive 4.

It is considered inappropriate to capitalise borrowing costs where the link between the funds borrowed and the capital asset acquired cannot be adequately established - the municipality expenses borrowing costs when it is inappropriate to capitalise it. The municipality ceases the capitalisation of borrowing costs when substantially all the activities to prepare the asset for its intended use or sale are complete.

Where the construction of the qualifying asset is completed in parts and each part is capable of being used while construction continues on other parts, the entity shall cease capitalising borrowing costs when it completes substantially all the activities necessary to prepare that part.

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16. GRANTS-IN-AID

The municipality transfers money to individuals, organisations and other sectors of government from time to time. When making these transfers, the municipality does not:

- receive any goods or services directly in return, as would be expected in a purchase or sale transaction;
- expect to be repaid in future; or
- expect a financial return, as would be expected from an investment.

These transfers are recognised in the Statement of Financial Performance as expenses in the period that the events giving rise to the transfer occurred.

17. VALUE ADDED TAX

The Municipality accounts for Value Added Tax on the cash basis.

18. UNAUTHORISED EXPENDITURE

Unauthorised expenditure is expenditure that has not been budgeted, expenditure that is not in terms of the conditions of an allocation received from another sphere of government, municipality or organ of state and expenditure in the form of a grant that is not permitted in terms of the Municipal Finance Management Act (Act No 56 of 2003). Unauthorised expenditure is accounted for as an expense in the Statement of Financial Performance. If the expenditure is not condoned by the Council it is treated as an asset until it is recovered or written off as irrecoverable.

19. IRREGULAR EXPENDITURE

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No 56 of 2003), the Municipal Systems Act (Act No 32 of 2000), the Public Office Bearers Act (Act No 20 of 1998) or is in contravention of the Municipality's or Municipal Entities' supply chain management policies. Irregular expenditure excludes unauthorised expenditure. Unauthorised expenditure is accounted for as an expense in the Statement of Financial Performance. If the expenditure is not condoned by the Council it is treated as an asset until it is recovered or written off as irrecoverable.

20. FRUITLESS AND WASTEFUL EXPENDITURE

Fruitless and wasteful expenditure is expenditure that was made in vain and would have been avoided had reasonable care been exercised. Fruitless and wasteful expenditure is accounted for as expenditure in the Statement of Financial Performance. If the expenditure is not condoned by the Council it is treated as an asset until it is recovered or written off as irrecoverable.

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FOR THE YEAR ENDED 30 JUNE 2010

21. CHANGES IN ACCOUNTING POLICIES, ESTIMATES AND ERRORS

Changes in accounting policies that are effected by management have been applied retrospectively in accordance with GRAP 3 requirements, except to the extent that it is impracticable to determine the period-specific effects or the cumulative effect of the change in policy. In such cases the municipality shall restate the opening balances of assets, liabilities and net assets for the earliest period for which retrospective restatement is practicable. Refer to note 37 for details of changes in accounting policies.

Changes in accounting estimates are applied prospectively in accordance with GRAP 3 requirements. Details of changes in estimates are disclosed in the notes to the annual financial statements where applicable.

Correction of errors is applied retrospectively in the period in which the error has occurred in accordance with GRAP 3 requirements, except to the extent that it is impracticable to determine the period-specific effects or the cumulative effect of the error. In such cases the municipality shall restate the opening balances of assets, liabilities and net assets for the earliest period for which retrospective restatement is practicable. Refer to Note 37 to the Annual Financial Statements for details of corrections of errors recorded during the period under review.

22. RELATED PARTIES

Individuals as well as their close family members, and/or entities are related parties if one party has the ability, directly or indirectly, to control or jointly control the other party or exercise significant influence over the other party in making financial and/or operating decisions. Key management personnel is defined as the Municipal Manager, Chief Financial Officer and all other managers reporting directly to the Municipal Manager or as designated by the Municipal Manager.

23. EVENTS AFTER THE REPORTING DATE

Events after the reporting date that are classified as adjusting events have been accounted for in the Annual Financial Statements. The events after the reporting date that are classified as non-adjusting events after the reporting date have been disclosed in the notes to the Annual Financial Statements.

24. FOREIGN CURRENCIES

Transactions in foreign currencies are initially recorded at the prevailing exchange rate on the dates of the transactions.

25. COMPARATIVE INFORMATION

25. 1 Prior year comparatives

When the presentation or classification of items in the Annual Financial Statements is amended, prior period

LAINGSBURG MUNICIPALITY
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FOR THE YEAR ENDED 30 JUNE 2010

26. CONTINGENT ASSETS AND CONTINGENT LIABILITIES

Contingent liabilities represent a possible obligation that arises from past events and whose existence will be confirmed only by an occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity.

A contingent liability can also arise as a result of a present obligation that arises from past events but which is not recognised as a liability either because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability.

Contingent assets represent possible assets that arise from past events and whose existence will be confirmed only by an occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in the notes to the annual financial statements.

27. COMMITMENTS

Commitments are not recognised in the statement of financial position as a liability or as expenditure in the statement of financial performance but are included in the disclosure notes. A distinction is made between capital and current commitments.

Commitments are disclosed for:

- Approved and contracted commitments, where the expenditure has been approved and the contract has been awarded at the reporting date.
- Approved but not yet contracted commitments, where the expenditure has been approved and the contract has yet to be awarded or is awaiting finalisation at the reporting date.
- Items are classified as commitments where the municipality commits itself to future transactions that will normally result in the outflow of resources.
- Contracts that are entered into before the reporting date, but goods and services have not yet been received are disclosed in the disclosure notes to the financial statements.
- Other commitments for contracts are be non-cancellable or only cancellable at significant cost contracts should relate to something other than the business of the municipality

28. TREATMENT OF ADMINISTRATION AND OTHER OVERHEAD EXPENSES

The costs of internal support services are transferred to the various services and departments to whom resources are made available.

LAINGSBURG MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED for the year end 30 June 2010

2010 **2009**
R **R**

1. GENERAL INFORMATION

Laingsburg Municipality (the municipality) is a local government institution in the Western Cape. The addresses of its registered office and principal place of business are disclosed under "General Information" included in the Annual Financial Statements and in the introduction and overview of the Annual Report. The principal activities of the municipality are disclosed in the Annual Report and are prescribed by The Constitution.

The municipality adopted a phased-in approach in order to comply fully with the implementation of GRAP. The municipality is classified by the National Treasury as a medium capacity municipality and must comply with GRAP by 30 June 2009. The municipality, however, took advantage of the transitional provisions in Directive 4 from the Accounting Standards Board and aims to comply fully with GRAP by 30 June 2011.

2. INVENTORY

Milk Powder - at cost	24 098	30 782
Grit	-	134 294
Crusher Stone	181 902	181 902
Total Inventory	<u>206 000</u>	<u>346 978</u>

The municipality opted to take advantage of the transitional provisions as contained in Directive 4 of the Accounting Standards Board, issued in March 2009. The municipality did not measure the following inventories:

Unpurified Water;
Water in pipelines
Land held for sale

The municipality is currently in a process of identifying all inventory which must be measured in terms of GRAP 12 and it is expected that this process will be completed for inclusion in the 2010 financial statements.

3 TRADE RECEIVABLES FROM EXCHANGE TRANSACTIONS

	Gross Balances	Provision for Impairment	Net Balances
As at 30 June 2010			
Service Debtors:	759 471	296 958	462 513
Services	<u>759 471</u>	<u>296 958</u>	<u>462 513</u>
House Rentals	<u>37 167</u>	<u>-</u>	<u>37 167</u>
Total Consumer Debtors	<u>796 638</u>	<u>296 958</u>	<u>499 680</u>
	Gross Balances	Provision for Impairment	Net Balances
As at 30 June 2009			
Service Debtors:	510 587	-	510 587
Services	<u>510 587</u>	<u>-</u>	<u>510 587</u>
Loan Instalments	-	-	-
House Rentals	<u>67 772</u>	<u>-</u>	<u>67 772</u>
Total Consumer Debtors	<u>578 358</u>	<u>-</u>	<u>578 358</u>

The municipality receives applications that it processes. Deposits are required to be paid for all water accounts opened. There are no consumers who represent more than 5% of the total balance of Consumer Debtors.

LAINGSBURG MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED for the year end 30 June 2010

4 TRADE RECEIVABLES FROM NON - EXCHANGE TRANSACTIONS	2010	2009
	R	R
Government Claims	2 353 288	1 989 819
Sundry Deposits	33 243	26 972
Sundry Debtors	392 603	643 858
Assessment Rates	1 394 248	1 124 169
Vat Receivable	631 065	285 725
	<u>4 804 446</u>	<u>4 070 542</u>
Less: Provision for Impairment	(520 944)	(114 000)
Total	<u>4 283 501</u>	<u>3 956 542</u>

4.1 Reconciliation of Provision for Impairment

Balance at beginning of year	114 000	62 000
Impairment Losses recognised	406 944	52 000
Balance at end of year	<u>520 944</u>	<u>114 000</u>

5 CASH AND CASH EQUIVALENTS

Cash and Cash Equivalents	9 786 359	10 596 312
Bank Overdraft	(832 521)	(168 110)
Total Cash and Cash Equivalents	<u>8 953 838</u>	<u>10 428 203</u>

For the purposes of the Statement of Financial Position and the Cash Flow Statement, Cash and Cash Equivalents include Cash-on-Hand, Cash in Banks and Investments in Money Market Instruments, net of outstanding Bank Overdrafts.

5.1 Current Investment Deposits

Call Deposits	-	-
Accumulated Surplus	1 276 101	1 996 787
Compensation Act	37 018	70 778
FMG Funds	-	30 835
MSIG Funds	-	664 730
Taxi Parking	602 311	602 311
Electricity :108 Houses	183 511	183 511
Special Development	204 913	204 913
Sewerage Master Plan	92 140	92 140
Asset Finance Reserve	3 758 590	4 305 151
Housing Fund	368 541	368 541
Electricity Tariffs	20 000	20 000
Water	74 601	74 601
Staff Leave	291 888	247 673
Long Service Bonus	139 765	100 907
Performance Bonus	99 298	87 879
Bulk Water Services	205 428	205 428
Bus routes	79 944	693 000
Deposits	16 787	16 787
Sport	5 937	5 937
Consumer Services	242 708	223 785
High Mast Lighting	68 752	69 954
Environmental Matters	1 205	1 205
Masibebane	410 356	326 215
Soup Kitchen	2 595	2 595
Water Matjiesfontein	331 923	-
Southkloof Rehabilitation	349 465	-
Monitoring Water	328 074	-
	593 159	-
Total Current Investment Deposits	<u>9 785 009</u>	<u>10 595 662</u>

Call Deposits are investments with a maturity period of less than 3 months and earn interest rates varying from 6 % per annum.

Deposits of R 4 087 315 (2009: R 3 660 100) are ring-fenced and attributable to Unspent Conditional Grants.

Deposits of R3 758 590 (2009: R 4 305 151) are ring-fenced and attributable to the Capital Replacement Reserve.

LAINGSBURG MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED for the year end 30 June 2010

	2010 R	2009 R
The Municipality has the following bank accounts:		
5.2 Bank Accounts		
Primary Bank Account		
Cash in Bank	1 778 119	1 141 503
Bank Overdraft	(832 521)	(168 110)
Total Bank Accounts	<u>945 598</u>	<u>973 393</u>

The Municipality has the following bank accounts:

ABSA -Laingsburg Account Number 2540140874

Cash book balance at beginning of year	(168 110)	437 076
Cash book balance at end of year	<u>(832 521)</u>	<u>(168 110)</u>
Bank statement balance at beginning of year	1 141 503	1 766 835
Bank statement balance at end of year	<u>1 778 119</u>	<u>1 141 503</u>

An amount of R 4 087 315(2009: R 3 660 100) is ring-fenced and attributable to the External Financing Fund for Unspent Loan Money held as at 30 June 2010.

Interest on overdrawn current accounts are charged at the banker's prime rate plus two percent per annum. Interest is earned at different rates per annum on favourable balances.

5.3 Cash and Cash equivalents

Cash Floats and Advances	1 350	650
Cash on hand in Cash Floats, Advances and Equivalents	<u>1 350</u>	<u>650</u>

The management of the municipality is of the opinion that the carrying value of Bank Balances, Cash and Cash Equivalents recorded at amortised cost in the Annual Financial Statements approximate their fair values.

The fair value of Bank Balances, Cash and Cash Equivalents was determined after considering the standard terms and conditions of agreements entered into between the municipality and financial institutions.

6 OPERATING LEASE RECEIVABLE

Operating Leases are recognised on the straight-line basis as per the requirement of GRAP 13.

Balance at beginning of year	14 656	11 640
Operating Lease expenses recorded	6 501	3 016
Smoothing	<u>(28 501)</u>	<u>-</u>
Total Operating Lease Assets	<u>(7 344)</u>	<u>14 656</u>

LAINGSBURG MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED for the year end 30 June 2010

7 PROPERTY, PLANT AND EQUIPMENT

30 June 2010

Reconciliation of Carrying Value

Description	Land and Buildings	Infra-structure	Community	Other	Total
	R	R	R	R	R
Carrying values at 01 July 2009	1 888 822	22 244 095	13 882 684	1 740 151	39 755 752
Cost	2 135 541	39 253 976	16 784 737	4 831 552	63 005 805
- Completed Assets	2 135 541	39 253 976	16 784 737	4 831 552	63 005 805
- Under Construction	-	-	-	-	-
Correction of error (Note 33)	-	-	-	-	-
Revaluation	-	-	-	-	-
Accumulated Impairment Losses	-	-	-	-	-
Accumulated Depreciation:	(246 719)	(17 009 881)	(2 902 053)	(3 091 401)	(23 250 053)
- Cost	(246 719)	(17 009 881)	(2 902 053)	(3 091 401)	(23 250 053)
- Revaluation	-	-	-	-	-
Acquisitions	-	5 682 092	72 360	466 754	6 221 205
Borrowing Costs Capitalised	-	-	-	-	-
Depreciation:	(54 558)	(2 091 861)	(600 417)	(485 951)	(3 232 787)
- Based on Cost	(54 558)	(2 091 861)	(600 417)	(485 951)	(3 232 787)
Carrying values at 30 June 2010	1 834 264	25 834 326	13 354 626	1 720 954	42 744 170
Cost	2 135 541	44 936 067	16 857 096	5 298 306	69 227 010
- Completed Assets	2 135 541	44 936 067	16 857 096	5 298 306	69 227 010
- Under Construction	-	-	-	-	-
Revaluation	-	-	-	-	-
Accumulated Impairment Losses	-	-	-	-	-
Accumulated Depreciation:	(301 277)	(19 101 742)	(3 502 470)	(3 577 352)	(26 482 840)
- Cost	(301 277)	(19 101 742)	(3 502 470)	(3 577 352)	(26 482 840)
- Revaluation	-	-	-	-	-

LAINGSBURG MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED for the year end 30 June 2010

7. PROPERTY, PLANT AND EQUIPMENT (Continued)

30 June 2009

Reconciliation of Carrying Value

Description	Land and Buildings	Infra-structure	Community	Other	Total
	R	R	R	R	R
Carrying values at 01 July 2008	1 343 143	20 144 437	14 463 835	1 761 905	37 713 320
Cost	1 552 085	35 480 935	16 767 944	4 402 092	58 203 056
- Completed Assets	1 552 085	35 480 935	16 767 944	4 402 092	58 203 056
- Under Construction	-	-	-	-	-
Correction of error (Note 33)	-	-	-	-	-
Revaluation	-	-	-	-	-
Accumulated Impairment Losses	-	-	-	-	-
Accumulated Depreciation:	(208 942)	(15 336 498)	(2 304 109)	(2 640 187)	(20 489 736)
- Cost	(208 942)	(15 336 498)	(2 304 109)	(2 640 187)	(20 489 736)
- Revaluation	-	-	-	-	-
Acquisitions	583 456	3 773 041	16 792	432 460	4 805 749
Borrowing Costs Capitalised	-	-	-	-	-
Depreciation:	(37 777)	(1 673 383)	(597 943)	(454 214)	(2 763 317)
- Based on Cost	(37 777)	(1 673 383)	(597 943)	(454 214)	(2 763 317)
- Based on Revaluation	-	-	-	-	-
Carrying value of Disposals:	-	-	-	-	-
- Cost	-	-	-	(3 000)	(3 000)
- Revaluation	-	-	-	-	-
Accumulated Impairment Losses	-	-	-	-	-
Accumulated Depreciation	-	-	-	3 000	3 000
- Based on Cost	-	-	-	3 000	3 000
Carrying values at 30 June 2009	1 888 822	22 244 095	13 882 684	1 740 151	39 755 752
Cost	2 135 541	39 253 976	16 784 737	4 831 552	63 005 805
- Completed Assets	2 135 541	39 253 976	16 784 737	4 831 552	63 005 805
- Under Construction	-	-	-	-	-
Revaluation	-	-	-	-	-
Accumulated Impairment Losses	-	-	-	-	-
Accumulated Depreciation:	(246 719)	(17 009 881)	(2 902 053)	(3 091 401)	(23 250 053)
- Cost	(246 719)	(17 009 881)	(2 902 053)	(3 091 401)	(23 250 053)
- Revaluation	-	-	-	-	-

7. PROPERTY, PLANT AND EQUIPMENT (Continued)

The municipality opted to take advantage of the transitional provisions as contained in Directive 4 of the Accounting Standards Board, issued in March 2009. The municipality did not measure all the Property, Plant and Equipment in accordance with the standard, including the following:

- Land; and
- Componentised infrastructure assets.

The municipality did not measure the following, in terms of the transitional provisions:

- Review of useful life of item of PPE recognised in the Annual Financial Statements;
- Review of the depreciation method applied to PPE recognised in the Annual Financial Statements;
- Review of residual values of item of PPE recognised in the Annual Financial Statements;
- Impairment of non-cash generating assets; and
- Impairment of cash generating assets.

Refer to Appendices "B, C and E (2)" for more detail on Property, Plant and Equipment, including those in the course of construction.

LAINGSBURG MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED for the year end 30 June 2010

	2010 R	2009 R
8 INVESTMENT PROPERTY		
Carrying values at 1 July 2009	1 500 822	1 623 949
Cost	2 191 942	2 191 942
Accumulated Depreciation	(691 120)	(567 993)
Transfers during the Year:	-	(61 564)
At Accumulated Depreciation	-	(61 564)
Carrying values at 30 June 2010	1 500 822	1 562 386
Cost	2 191 942	2 191 942
Accumulated Depreciation	(691 120)	(629 556)

The municipality opted to take advantage of the transitional provisions as contained in Directive 4 of the Accounting Standards Board, issued in March 2009. The municipality did not measure all the Investment Properties.

The municipality is currently in a process of valuing all Investment Properties in terms of GRAP 16 and it is expected that this process will be completed for inclusion in the 2011 financial statements.

9 LONG-TERM RECEIVABLES

	Gross Balances R	Provision for Impairment R	Net Balances R
As at 30 June 2010			
Housing - Self build	77 104	-	77 104
Housing - Selling schemes	60 799	-	60 799
	<u>137 902</u>	<u>-</u>	<u>137 902</u>
Less: Current Portion transferred to Current Receivables:-			32 079
Housing - Self build			19 485
Housing - Selling schemes			12 594
Total Long-term Receivables			<u>105 823</u>
	Gross Balances R	Provision for Impairment R	Net Balances R
As at 30 June 2009			
Housing - Self build	66 739	-	66 739
Housing - Selling schemes	71 593	-	71 593
	<u>138 331</u>	<u>-</u>	<u>138 331</u>
Less: Current Portion transferred to Current Receivables:-			32 079
Housing - Self build			19 485
Housing - Selling schemes			12 594
Total Long-term Receivables			<u>106 252</u>

LAINGSBURG MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED for the year end 30 June 2010

2010 **2009**
R **R**

HOUSING

As from 01 January 2006 no loan agreements are entered into for the sale of houses. The outstanding loans will be recovered over the remaining period of the individual loan agreements entered into.

The management of the municipality is of the opinion that the carrying value of Long-term Receivables recorded at amortised cost in the Annual Financial Statements approximate their fair values.

The fair value of Long-term Receivables was determined after considering the standard terms and conditions of agreements entered into between the municipality and other parties as well as the current payment ratio's of the municipality's debtors.

10 CONSUMER DEPOSITS

Electricity and Water	242 713	223 785
Total Consumer Deposits	242 713	223 785

Consumer Deposits are paid by consumers on application for new water and electricity connections. The deposits are repaid when the water and electricity connections are terminated. In cases where consumers default on their accounts, the municipality can utilise the deposit as payment for the outstanding account.

No interest is paid on Consumer Deposits held.

The management of the municipality is of the opinion that the carrying value of Consumer Deposits approximate their fair values.

The fair value of Consumer Deposits was determined after considering the standard terms and conditions of agreements entered into between the municipality and its consumers.

11 PROVISIONS

Performance Bonuses	99 303	87 879
Long Service Bonus	-	33 393
Staff Leave	291 893	247 673
Insurance WCA	37 018	70 778
Current Portion of Post-retirement Medical Aid Benefits Liability (See Note 18)	58 000	43 000
Total Provisions	486 214	482 723

The municipality opted to take advantage of the transitional provisions as contained in Directive 4 of the Accounting Standards Board, issued in March 2009. The municipality did not recognise the following provisions, contingent liabilities or contingent assets relating to Property, Plant and Equipment:

The municipality is currently in a process of identifying all provisions which must be measured in terms of GRAP 19 and it is expected that this process will be completed for inclusion in the 2011 financial statements.

LAINGSBURG MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED for the year end 30 June 2010

	2010 R	2009 R
12 CREDITORS		
Retention	58 381	-
Debtors in Credit	35 919	165 843
Sundry Deposits	41 950	714 848
Other Creditors	199 284	385 911
Total Creditors	335 534	1 266 601

The average credit period on purchases is 30 days from the receipt of the invoice, as determined by the MFMA. No interest is charged for the first 30 days from the date of receipt of the invoice. Thereafter interest is charged in accordance with the credit policies of the various individual creditors that the municipality deals with. The municipality has financial risk policies in place to ensure that all payables are paid within the credit timeframe.

13 UNSPENT CONDITIONAL GRANTS AND RECEIPTS

13.1 Conditional Grants from Government	4 943 207	3 177 375
National Government Grants	4 943 207	3 177 375
Total Conditional Grants and Receipts	4 943 207	3 177 375

The amount for Unspent Conditional Grants and Receipts are deposited in ring-fenced investment accounts until utilised.

See Note 22 for the reconciliation of Grants from Other Spheres of Government. The Unspent Grants are cash backed by term deposits. The municipality complied with the conditions attached to all grants received to the extent of revenue recognised. No grants were withheld.

Refer to Appendix "F" for more detail on Conditional Grants.

14 RETIREMENT BENEFIT LIABILITIES

14.1 Post-retirement Health Care Benefits Liability

Balance at beginning of Year	2 098 000	-
Contributions to Provision	727 000	2 098 000
Expenditure incurred	(45 000)	-
	-	-
Balance at end of Year	2 780 000	2 098 000
Transfer to Current Provisions	(58 000)	(43 000)
Total Post-retirement Health Care Benefits Liability	2 722 000	2 055 000

LAINGSBURG MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED for the year end 30 June 2010

2010
R **2009**
R

The municipality provides certain post-retirement health care benefits by funding the medical aid contributions of qualifying retired members of the municipality. According to the rules of the Medical Aid Funds, with which the municipality is associated, a member (who is on the current Conditions of Service) is entitled to remain a continued member of such medical aid fund on retirement, in which case the municipality is liable for a certain portion of the medical aid membership fee. The municipality operates an unfunded defined benefit plan for these qualifying employees. No other post-retirement benefits are provided to these employees.

The most recent actuarial valuations of plan assets and the present value of the defined benefit obligation were carried out at 30 June 2009 by Alexander Forbes Health (Pty) Ltd. The present value of the defined benefit obligation, and the related current service cost and past service cost, were measured using the Projected Unit Credit Method.

The members of the Post-employment Health Care Benefit Plan are made up as follows:

In-service Members (Employees)	20	21
Continuation Members (Retirees, widowers and orphans)	2	1
Total Members	22	22

14.2 Post-retirement Health Care Benefits Liability (Continued)

The liability in respect of past service has been estimated as follows:

In-service Members	1 676 000	1 008 000
Continuation Members	1 104 000	1 090 000
Total Liability	2 780 000	2 098 000

The municipality makes monthly contributions for health care arrangements to the following

- Bonita's
- Key health
- LA Health
- Samwumed

The Current-service Cost for the year ending 30 June 2010 is estimated to be R127,000 whereas the cost for the ensuing year is estimated to be R150,000.

The principal assumptions used for the purposes of the actuarial valuations were as

Discount Rate	9.25%	9.5%
Health Care Cost Inflation Rate	7.75%	8.0%
Net Effective Discount Rate	0	7.50%
Expected Rate of Salary Increase	0	6%
Expected Retirement Age - Females	65	65
Expected Retirement Age - Males	60	60

LAINGSBURG MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED for the year end 30 June 2010

	2010 R	2009 R
Movements in the present value of the Defined Benefit Obligation were as follows:		
Balance at the beginning of the year	2 098 000	-
Current service costs	127 000	145 000
Interest cost	197 000	228 000
Past-service costs		2 144 000
Benefits paid	(45 000)	(41 000)
Actuarial losses / (gains)	403 000	(378 000)
Present Value of Fund Obligation at the end of the Year	2 780 000	2 098 000
Actuarial losses / (gains) unrecognised		
Total Recognised Benefit Liability	2 780 000	2 098 000
The amounts recognised in the Statement of Financial Position are as follows:		
Present value of fund obligations	2 780 000	2 098 000
	2 780 000	2 098 000
Present value of unfunded obligations		
Deficit	2 780 000	2 098 000
Total Benefit Liability	2 780 000	2 098 000
The amounts recognised in the Statement of Financial Performance are as follows:		
Current service cost	127 000	145 000
Interest cost	197 000	228 000
Actuarial losses / (gains)	403 000	(378 000)
Vested past service costs		2 144 000
Total Post-retirement Benefit included in Employee Related Costs (Note 30)	727 000	2 139 000

The history of experienced adjustments is as follows:

	2 010 R	2 009 R	2 008 R
Present Value of Defined Benefit Obligation	2 780 000	2 098 000	2 144 000
Deficit	2 780 000	2 098 000	2 144 000
Experienced adjustments on Plan Liabilities	(403 000)	-	-

In accordance with the transitional provisions for the amendments to IAS 19 Employee Benefits in December 2006, the disclosures

14.2 Post-retirement Health Care Benefits Liability (Continued)

The effect of a 1% movement in the assumed rate of health care cost inflation is as follows:

Increase:

Effect on the aggregate of the current service cost and the interest cost	104 000	92 000
Effect on the defined benefit obligation	630 000	516 000

Decrease:

Effect on the aggregate of the current service cost and the interest cost	(78 000)	(68 000)
Effect on the defined benefit obligation	(482 000)	(388 000)

LAINGSBURG MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED for the year end 30 June 2010

	2010 R	2009 R
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The municipality expects to make a contribution of R0.404 million to the Defined Benefit Plans during the next financial year.

The transitional Defined Benefit Liabilities for Post-retirement Medical Aid Benefits have been

Refer to Note 44 "Multi-employer Retirement Benefit Information" to the Annual Financial

15 NON-CURRENT PROVISIONS

Provision for Long Service Awards	139 770	67 514
Total Non-current Provisions	139 770	67 514

The movement in Non-current Provisions are reconciled as follows:

	Long Service Awards R
30 June 2010	
Balance at beginning of year	100 907
Contributions to provision	38 863
Reduction due to re-measurement	139 770
Transfer to current provisions	-
Balance at end of year	139 770
30 June 2009	
Balance at beginning of year	69 702
Contributions to provision	60 096
Expenditure incurred	(28 891)
Reduction due to re-measurement	100 907

LAINGSBURG MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED for the year end 30 June 2010

	2010 R	2009 R
16 STATUTORY FUNDS		
Housing Development Fund:	2 161 891	2 216 111
Balance 30 June	2 161 891	2 245 712
Unappropriated Surplus	-	(29 601)
Total Statutory Funds	2 161 891	2 216 111

16.1 Housing Development Fund

The Housing Development Fund has its origin from Loans extinguished by Government on 1 April 1998 and the net of housing transactions appropriated to the fund thereafter. No separate Unappropriated Surplus Account for housing transactions was kept.

The Housing Development Fund contains all proceeds from housing developments, which include rental income and sale of houses. Monies standing to the credit of the Housing Development Fund are used only to finance housing developments within the municipal area subject to the approval of the Provincial MEC responsible for housing.

Reconciliation of the Housing Development Fund:

Balance at beginning of year	2 216 111	2 245 712
Revenue:	(54 220)	(29 601)
Housing Rental Debtors	(54 220)	(29 601)
Balance at end of year	2 161 891	2 216 111

The Housing Development Fund is represented by the following Assets and Liabilities:

Revaluation of Assets	1 076 737	1 123 155
Instalment Sales Debtors	163 550	158 807
Advances 108 Houses	563 756	563 756
Cash and Cash Equivalents	357 848	368 541
Creditors	-	1 852
Total Housing Development Fund Assets and Liabilities	2 161 891	2 216 111

17 ACCUMULATED SURPLUS

The Accumulated Surplus consists of the following Internal Funds and Reserves:

Capital Replacement Reserve (CRR)	3 758 590	4 383 964
Donations and Public Contributions Reserve	2 319 375	2 416 018
Government Grants Reserve	33 844 602	30 582 437
Accumulated Surplus / (Deficit) due to the results of Operations	7 379 362	9 880 368
Total Accumulated Surplus	47 301 930	47 262 787

LAINGSBURG MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED for the year end 30 June 2010

	2010 R	2009 R
The Donations and Public Contributions Reserve equals the carrying value of the items of property, plant and equipment financed from public contributions and donations. The Donations and Public Contributions Reserve ensures consumer equity and is not backed by cash.		

The **Government Grants Reserve** equals the carrying value of the items of property, plant and equipment financed from government grants. The Government Grants Reserve ensures consumer equity and is not backed by cash.

Refer to Statement of Changes in Net Assets for more detail and the movement on Accumulated Surplus.

18 PROPERTY RATES

	Property Valuations July 2010 R000's	Actual Levies
Laingsburg	150 289	1 114 015
Matjiesfontein	4 457	32 402
Agricultural	574 221	3 445 331
Total Assessment Rates	728 967	4 591 748
Less Discount		(2 797 376)
		1 794 372

Assessment Rates are levied on the value of land and improvements, which valuation is performed every four years. Interim valuations are processed on an annual basis to take into account changes in individual property values due to alterations and subdivisions.

The last valuation came into effect on 1 July 2004. A general valuation has been performed during the financial year and will be applied with effect 1 July 2010.

An average general rate of .006 c/R (2008/2009: 2,0187 c/R) is applied to property valuations to determine assessment rates.

A uniform rate for the same class and type of property will be applied with the implementation of the Property Rates Act. It is envisaged that such rate will be introduced with effect 1 July 2009.

A rebate of 75,00% (2008/2009: 40,00%) was allowed on agriculture properties .

LAINGSBURG MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED for the year end 30 June 2010

	2010 R	2009 R
19 INTEREST EARNED		
Property Rates:		
Penalties imposed and Collection Charges	2 867	29 611
	<u>2 867</u>	<u>29 611</u>
External Investments:		
Investments	796 571	1 421 686
	<u>796 571</u>	<u>1 421 686</u>
Outstanding Debtors:		
Outstanding Billing Debtors	75 729	50 588
	<u>75 729</u>	<u>50 588</u>
Total Interest Earned	<u>875 167</u>	<u>1 501 885</u>

Interest Earned on Financial Assets, analysed by category of asset, is as follows:

Held-to-Maturity Investments	796 571	1 421 686
Loans and Receivables	78 597	80 199
	<u>875 167</u>	<u>1 501 885</u>
	<u>875 167</u>	<u>1 501 885</u>

20 SERVICE CHARGES		
Sale of Electricity	4 459 204	3 352 929
Sale of Water	1 194 510	1 095 245
Refuse Removal	977 925	849 299
Sewerage and Sanitation Charges	1 204 111	1 102 055
Total Service Charges	<u>7 835 750</u>	<u>6 399 527</u>
Attributable to:		
Continuing Operations	<u>7 835 750</u>	<u>6 399 527</u>
	<u>7 835 750</u>	<u>6 399 527</u>

The amounts disclosed above for revenue from Service Charges are in respect of services rendered which are billed to the consumers on a monthly basis according to approved tariffs.

LAINGSBURG MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED for the year end 30 June 2010

	2010 R	2009 R
21 RENTAL OF FACILITIES AND EQUIPMENT		
Finance Lease Rental Revenue		
Operating Lease Rental Revenue:		
- Investment Property	104 480	60 222
Rental Revenue from Cutlery	1 740	2 090
Rental Revenue from Buildings	296 877	294 704
Rental Revenue from Land	25 916	2 642
Rental Revenue Sundry	89 296	96 436
Rental Revenue Machines		2 111
Rental Revenue Hawkers	14 222	15 414
	<u>532 530</u>	<u>473 617</u>
Attributable to:		
Continuing Operations	<u>532 530</u>	<u>473 617</u>
	<u>532 530</u>	<u>473 617</u>

Rental revenue earned on Facilities and Equipment is in respect of Non-financial Assets rented out.

22 GOVERNMENT GRANTS AND SUBSIDIES

Conditional Grants	13 738 985	9 285 210
National: Equitable Share	5 530 038	4 420 759
National: FMG	780 835	703 262
National: MIG	5 473 387	2 754 093
National: MSIG	1 399 730	432 954
National: DWAF	377 853	497 063
Department of Mineral and Energy	12 198	-
Provincial: Library	63 000	212 086
Provincial: Community Centre	101 943	145 180
Provincial: DHLGTA Grant	-	23 307
Provincial: Environment	-	48 333
Local Government: Local Municipalities Grant	-	48 173
Total Government Grants and Subsidies	<u>13 738 985</u>	<u>9 285 210</u>
Attributable to:		
Continuing Operations	<u>13 738 985</u>	<u>9 285 210</u>
	<u>13 738 985</u>	<u>9 285 210</u>

LAINGSBURG MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED for the year end 30 June 2010

	2010 R	2009 R
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Operational Grants:

22.1 National: Equitable Share	<u>5 530 038</u>	<u>4 420 759</u>
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In terms of the Constitution, this grant is used to subsidise the provision of basic services to indigent community members. All registered indigents of Goldville receive a monthly subsidy up to R178.98 pm and consumers in Bergsig received R 172.35 pm, based on the monthly billing, towards the consumer account, which subsidy is determined annually by council. All consumers receive 6 kl water and the indigent households receive 50 kWh electricity free every month.

22.2 National: FMG Grant

Balance unspent at beginning of year	30 835	234 097
Current year receipts	750 000	500 000
Interest allocated		-
Conditions met - transferred to Revenue: Operating Expenses	(755 720)	(703 262)
Conditions met - transferred to Revenue: Capital Expenses	(25 116)	-
Conditions still to be met - transferred to Liabilities (see Note 17)	<u>(0)</u>	<u>30 835</u>

The Financial Management Grant is paid by National Treasury to municipalities to help

22.3 National: MIG Funds

Balance unspent at beginning of year	(593 434)	74 512
Current year receipts	558 000	982 000
Own Funds		
Interest allocated		-
Conditions met - transferred to Revenue: Operating Expenses	-	(1 649 946)
Conditions met - transferred to Revenue: Capital Expenses	(66 785)	-
Other Transfers		
Conditions still to be met - transferred to Liabilities (see Note 13)	<u>-</u>	<u>-</u>
Conditions met balance due by government transferred to current assets (see Note 4)	<u>(102 219)</u>	<u>(593 434)</u>

The Municipal Infrastructure Grant (MIG) was allocated for the construction of roads, sports and sewerage infrastructure as part of the upgrading of previously disadvantaged areas (included in the Roads and Sewerage votes in Appendix "B"). No funds have been withheld.

22.4 National: MSIG Funds

Balance unspent at beginning of year	664 730	362 684
Current year receipts	735 000	735 000
Interest allocated		-
Conditions met - transferred to Revenue: Operating Expenses	(1 314 600)	(432 954)
Conditions met - transferred to Revenue: Capital Expenses	(85 130)	
Other Transfers	-	-
Conditions still to be met - transferred to Liabilities (see Note 13)	<u>(0)</u>	<u>664 730</u>

The Municipal Systems Improvement Grant is allocated to municipalities to improve municipal systems and was used to improve information technology networks and Ward Committee operations. No funds have been withheld.

LAINGSBURG MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED for the year end 30 June 2010

	2010 R	2009 R
22.5 National - Department Water and Forests (DWAF)		
Balance unspent at beginning of year	326 215	606 278
Current year receipts	462 000	217 000
Own Funds		-
Interest allocated		-
Conditions met - transferred to Revenue: Operating Expenses	(377 853)	(497 063)
Conditions met - transferred to Revenue: Capital Expenses		-
Other Transfers	-	-
Conditions still to be met - transferred to Liabilities (see Note 13)	<u>410 362</u>	<u>326 215</u>

This grant has been used for a water supply at Matjiesfontein, ground water investigation and the draw up water master plan.

22.6 Streets and Storm water (MIG)

Balance unspent at beginning of year	(15 176)	-
Current year receipts	2 753 100	752 400
Conditions met - transferred to Revenue: Operating Expenses		(767 576)
Conditions met - transferred to Revenue: Capital Expenses	(2 217 024)	-
Other Transfers	-	-
Conditions still to be met - transferred to Liabilities (see Note 13)	<u>520 900</u>	<u>-</u>

Conditions met balance due by government transferred to current assets (see Note 4)	<u>(15 176)</u>
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22.7 Water (MIG)

Balance unspent at beginning of year	280 029	-
Current year receipts		609 600
Interest allocated		-
Conditions met - transferred to Revenue: Operating Expenses		(329 571)
Conditions met - transferred to Revenue: Capital Expenses		-
Other Transfers	-	-
Conditions still to be met - transferred to Liabilities (see Note 13)	<u>280 029</u>	<u>280 029</u>

22.8 National: Sport and Development

Balance unspent at beginning of year	5 937	5 744
Interest allocated		193
Conditions still to be met - transferred to Liabilities (see Note 13)	<u>5 937</u>	<u>5 937</u>

This grant was received for the promotion and development of sport and will be utilised as such as soon as a project has been identified. No funds have been withheld.

LAINGSBURG MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED for the year end 30 June 2010

	2010 R	2009 R
22.9 Department of Mineral and Energy		
Balance unspent at beginning of year	183 511	183 511
Conditions still to be met - transferred to Liabilities (see Note 13)	<u>183 511</u>	<u>183 511</u>

This grant has been used for electricity network overall.

22.10 Bus Routes

Balance unspent at beginning of year	693 000	-
Current year receipts	782 000	700 000
Interest allocated		-
Conditions met - transferred to Revenue: Operating Expenses	-	-
Conditions met - transferred to Revenue: Capital Expenses	(1 395 051)	(7 000)
Other Transfers	-	-
Conditions still to be met - transferred to Liabilities (see Note 13)	<u>79 949</u>	<u>693 000</u>

22.11 Provincial: Electricity Matjiesfontein

Balance unspent at beginning of year	69 954	214 407
Conditions met - transferred to Revenue: Operating Expenses	-	(144 453)
Conditions met - transferred to Revenue: Capital Expenses	(12 198)	-
Other Transfers	-	-
Conditions still to be met - transferred to Liabilities (see Note 13)	<u>57 756</u>	<u>69 954</u>

22.12 Provincial: Library

Balance unspent at beginning of year	-	-
Current year receipts	63 000	67 633
Conditions met - transferred to Revenue: Operating Expenses	(63 000)	(67 633)
Conditions still to be met - transferred to Liabilities (see Note 13)	<u>-</u>	<u>-</u>

This grant was allocated for the upgrading of library equipment. No funds have been withheld.

22.13 Provincial: Streets

Balance unspent at beginning of year	-	-
Current year receipts	10 000	24 000
Conditions met - transferred to Revenue: Operating Expenses	(10 000)	(24 000)
Conditions still to be met - transferred to Liabilities (see Note 13)	<u>-</u>	<u>-</u>

LAINGSBURG MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED for the year end 30 June 2010

	2010 R	2009 R
22.14 Fencing Sewerage		
Balance unspent at beginning of year	-	-
Current year receipts	1 442 100	-
Conditions met - transferred to Revenue: Capital Expenses	(1 110 177)	-
Conditions still to be met - transferred to Liabilities (see Note 13)	<u>331 923</u>	<u>-</u>
22.15 Water		
Balance unspent at beginning of year	2 279 800	-
Current year receipts	-	-
Interest allocated	-	-
Conditions met - transferred to Revenue: Capital Expenses	(158 180)	-
Conditions still to be met - transferred to Liabilities (see Note 13)	<u>2 121 620</u>	<u>-</u>
22.16 Provincial: Community Workers		
Balance unspent at beginning of year	-	-
Current year receipts	120 000	121 180
Conditions met - transferred to Revenue: Operating Expenses	(91 943)	(121 180)
Conditions still to be met - transferred to Liabilities (see Note 13)	<u>28 057</u>	<u>-</u>
22.17 Refuse		
Balance unspent at beginning of year	-	-
Current year receipts	456 000	-
Conditions met - transferred to Revenue: Capital Expenses	(526 170)	-
Other Transfers	-	-
Conditions still to be met - transferred to Liabilities (see Note 20)	<u>-</u>	<u>-</u>
Conditions met balance due by government transferred to current assets (see Note 4)	<u>(70 170)</u>	<u>-</u>
22.19 Provincial: Department Housing, Local Government and Traditional Affairs (DHLGTA)		
Balance unspent at beginning of year	(563 461)	(570 959)
Current year receipts	-	30 805
Conditions met - transferred to Revenue: Operating Expenses	-	(23 307)
Conditions still to be met - transferred to Liabilities (see Note 13)	<u>-</u>	<u>-</u>
Conditions met balance due by government transferred to current assets (see Note 4)	<u>(563 461)</u>	<u>(563 461)</u>
22.20 Department Environment		
Balance unspent at beginning of year	206 118	254 451
Conditions met - transferred to Revenue: Operating Expenses	-	(48 333)
Conditions met - transferred to Revenue: Capital Expenses	-	-
Conditions still to be met - transferred to Liabilities (see Note 13)	<u>206 118</u>	<u>206 118</u>

LAINGSBURG MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED for the year end 30 June 2010

	2010 R	2009 R
22.21 Provincial - Department Transport		
Balance unspent at beginning of year	602 311	602 311
Conditions still to be met - transferred to Liabilities (see Note 13)	<u>602 311</u>	<u>602 311</u>
The amount of R602 311.00 is being used for a long distance taxi zone area. The balance can be used for rehabilitation of streets and pavements.		
22.22 Local Government - Local Municipalities		
Balance unspent at beginning of year	114 735	162 908
Conditions met - transferred to Revenue: Operating Expenses		(48 173)
Conditions still to be met - transferred to Liabilities (see Note 13)	<u>114 735</u>	<u>114 735</u>
This grant has been used for the compiling of a sewerage master plan and investigation of electricity tariffs.		
23 PUBLIC CONTRIBUTIONS AND DONATIONS		
Unconditional Contributions	125 257	49 495
Total Public Contributions and Donations	<u>125 257</u>	<u>49 495</u>
24 OTHER INCOME		
Building Plan Fees	3 480	48 333
Sale of Milk	29 111	37 154
Sale of Scrap Metal	-	15 645
Other Income	174 223	78 254
Total Other Income	<u>206 814</u>	<u>179 387</u>
		-17 231
Attributable to:		
Continuing Operations	206 814	179 387
	<u>206 814</u>	<u>179 387</u>
The amounts disclosed above for Other Income are in respect of services, other than described in Notes 23 to 26, rendered which are billed to or paid for by the users as the services are required according to approved tariffs. Inter-departmental Recoveries are received from other trading and economic services.		

LAINGSBURG MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED for the year end 30 June 2010

	2010 R	2009 R
25 EMPLOYEE RELATED COSTS		
Employee Related Costs - Salaries and Wages	3 521 430	4 442 759
Employee Related Costs - Contributions for UIF, Pensions and Medical Aids	2 557 276	645 075
Travel, Motor Car, Accommodation, Subsistence and Other Allowances	207 902	193 844
Housing Benefits and Allowances	44 783	41 436
Overtime Payments	177 481	152 980
Performance Bonuses	99 303	147 975
Defined Benefit Plan Expense:	682 000	2 098 000
Current Service Cost	682 000	145 000
Interest Cost	-	228 000
Expected Return on Plan Assets	-	2 144 000
Net Actuarial (gains)/losses recognised	-	(41 000)
Vested Past Service Cost	-	(378 000)
Total Employee Related Costs	7 290 173	7 722 070
Attributable to:		
Continuing Operations	7 290 173	7 722 070
	7 290 173	7 722 070
No advances were made to employees.		

Remuneration of the Municipal Manager

Annual Remuneration	709 309	543 707
Performance Bonus	99 303	87 879
Telephone Allowance	31 200	84 000
Company Contributions to UIF, Medical and Pension Funds	-	1 496
Total	839 812	717 082

26 REMUNERATION OF COUNCILLORS

Executive Mayor	337 901	487 413
Speaker	302 722	393 207
Mayoral Committee Members	166 496	217 444
Councillors	340 560	434 931
Sundry Allowances (Cellular Phones, etc.)	162 993	-
Allowances allocated to Employee Related Costs in General Ledger	908 457	476 086
Total Councillors' Remuneration	2 219 129	2 009 081
	0	0

In-kind Benefits

The Councillors occupying the positions of Executive Mayor, Speaker of the municipality serve in a full-time capacity. They are provided with office accommodation and secretarial support at the expense of the municipality in order to enable them to perform their official duties.

The Mayor may utilise official Council transportation when engaged in official duties.

LAINGSBURG MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED for the year end 30 June 2010

	2010 R	2009 R
27 DEPRECIATION AND AMORTISATION		
Depreciation: Property, Plant and Equipment	3 232 787	2 763 317
Depreciation: Investment Property	61 564	61 564
Total Depreciation and Amortisation	3 294 351	2 824 881
	0	
Attributable to:		
Continuing Operations	3 294 351	2 824 881
	3 294 351	2 824 881
28 BULK PURCHASES		
Electricity	2 815 242	2 204 503
Total Bulk Purchases	2 815 242	2 204 503
Bulk Purchases are the cost of commodities not generated by the municipality, which the municipality distributes in the municipal area for resale to the consumers. Electricity is purchased from Eskom.		
29 GRANTS AND SUBSIDIES PAID		
Community Projects	-	-
	100 000	100 000
Laingsburg High School	40 000	40 000
Acacia Primary School	40 000	40 000
Baartmansfontein	10 000	10 000
Matjiesfontein Primary	10 000	10 000
Aids program	6 251	6 500
Christmas for Children	10 000	5 175
Women's day	6 704	-
SMME Development	27 606	-
Municipal Sport	13 670	3 239
Youth Week	13 561	1 666
Gardening	4 000	-
Huis Karoo	25 000	25 000
Equitable Share Households	1 464 751	1 383 208
Tourism Centre	111 841	111 627
Donald Duck Pre-Primary	3 447	-
Immanuel Christen School	5 000	5 000
Soup kitchen	(3 392)	108 917
Total Grants and Subsidies	1 788 440	1 750 331

LAINGSBURG MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED for the year end 30 June 2010

2010
R **2009**
R

The **Women's Day** is paid annually in the municipality's aim to further local economic development of all communities.

Community Projects are in respect of conditional grants utilised for the upliftment of housing and basic service needs of communities within the municipality's area of jurisdiction.

Free Basic Services are in respect of providing basic service levels to indigent/residential households.

Problem Animal Control is paid to enable farmers to prevent cruelty to animals. The grant is increased on an annual basis.

The **Tourism Grant** is paid annually in the municipality's aim to carry the diversity of cultures to all communities.

30 GENERAL EXPENSES

Training cost	310 140	210 095
Advertisements	43 955	-
Tools & Equipment	20 998	22 821
Consumables	14 301	16 713
Levy: District Municipality (Health Services)	15 789	5 287
Burial Costs: Indigent	3 450	1 000
Management fee: Water catchment	9 024	8 341
Newspapers	1 149	-
Bank charges	97 005	83 291
Value added tax	49 191	7 702
Bargaining Council	7 764	1 484
Office Expenses: Community workers	94 943	121 180
Cards and other	-	164
Commission: Sales from Electricity	31 695	17 554
Commission: Sales from Milk	-	3 201
Commission: Traffic Fines	183 342	396 400
Commission: Water sales	2 611	2 153
Trapeace: Traffic Fines	130 075	-
Issuing of Drivers Licence cards	13 106	9 817
Quality Control	117 966	76 293
Testing	1 650	-
Membership fees	100 600	37 943
Material and Inventory: General	227 225	169 061
Material and Inventory: Chemicals	-	2 385
Material and Inventory: Recyclable materials	9 656	40 327
Material and Inventory: Milk	29 570	20 840
Material and Inventory: Consumer connections	14 127	-
Municipal Services: Electricity- General	111 012	80 385
Municipal Services: Electricity- Streetlights	25 967	16 492
Municipal Services: Refuse Removal	3 587	3 200
Municipal Services: Sewerage	4 458	4 113
Municipal Services: Water	16 403	13 563
Investigation: Spatial development	24 384	96 666
Water	377 853	-
Audit fees: Statutory Audits	755 430	756 247
Work for water	48 919	-
Pest control	-	40 216
Postage	25 069	18 438
Public Entertainment	77 226	46 681

LAINGSBURG MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED for the year end 30 June 2010

	2010 R	2009 R
Radio Licences	126	126
Legal costs	240 027	149 275
Marketing: Karoo marathon	590 308	209 567
Cleaning of streets and pavements	458 804	447 401
Bad debts written off	52 752	91 653
Telephone costs	280 080	227 173
Incidental expenditure : Councillors	80 210	44 782
Election expenses	1 050	-
Compensation: Audit committee	116 099	-
Insurance	17 655	94 732
Vehicle licence costs	-	17 745
Rental: Other	1 613	-
Rental: Post-box	-	1 123
Rental: Equipment	-	2 111
Fuel and oil	315 839	386 214
Printing and Stationary	117 205	138 005
Management fee: Refuse site	27 735	101 235
Sundry Expenses	59 017	56 685
Travel and accommodation cost	659 461	530 655
Delegation cost	24 339	15 900
Deeds office Returns	63	23 307
Uniforms and Protection Clothing	46 184	31 926
UIF	33 915	29 026
Electricity for Streetlights: Eskom	10 951	10 368
Electricity for General use: Eskom	86 849	64 489
Electricity: Matjiesfontein Pump station	20 023	14 655
Other	57 437	-
Total General Expenses	6 297 382	5 018 203

The amounts disclosed above for Other General Expenses are in respect of costs incurred in the general management of the municipality and not direct attributable to a specific service or class of expense. Inter-departmental Charges are charged to other trading and economic services for support services rendered.

31 CORRECTION OF ERROR

LAINGSBURG MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED for the year end 30 June 2010

2010	2009
R	R

LAINGSBURG MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED for the year end 30 June 2010

	2010 R	2009 R
32 CASH GENERATED BY OPERATIONS		
Surplus / (Deficit) for the Year	(88 709)	(1 815 197)
Adjustment for:		
Correction of prior year expenditure and income	127 852	(74 182)
Contributions Housing Fund	(54 220)	(165 957)
Depreciation and Amortisation	3 294 350	2 824 881
Investment Income	(875 167)	(1 501 885)
Finance Costs	703 902	-
Operating surplus before working capital changes	3 108 009	(732 340)
(Increase)/Decrease in Inventories	140 978	230 369
(Increase)/Decrease in Consumer Debtors	78 680	(174 771)
(Increase)/Decrease in Other Debtors	(326 958)	(1 226 221)
(Increase)/Decrease in VAT Receivable	-	5 500
(Increase)/Decrease in Operating Lease Assets	(22 001)	3 016
Increase/(Decrease) in Consumer Deposits	18 928	22 242
Increase/(Decrease) in Creditors	(931 067)	839 999
Increase/(Decrease) in Provisions	742 747	2 302 593
Increase/(Decrease) in Conditional Grants and Receipts	1 765 832	476 472
Increase/(Decrease) in VAT Payable		
Cash generated by / (utilised in) Operations	4 575 147	1 746 858

LAINGSBURG MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED for the year end 30 June 2010

	2010 R	2009 R
33 ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT		
33.1 Contributions to organised local government - SALGA		
Opening Balance	(240)	(240)
Council Subscriptions	100 000	36 044
Amount Paid - current year	(100 000)	(36 044)
Balance Unpaid (included in Creditors)	(240)	(240)
33.2 Audit Fees		
Opening Balance	215 690	-
Current year Audit Fee	786 519	535 312
Amount Paid - current year	(215 690)	(319 622)
Amount Paid - previous years	(786 519)	-
Balance Unpaid (included in Creditors)	-	215 690
33.3 VAT		
VAT inputs receivables and VAT outputs receivables are shown in Note 11. All VAT returns have been submitted by the due date throughout the year.		
33.4 PAYE and UIF		
Opening Balance	-	1 913
Current year Payroll Deductions	946 784	835 266
Amount Paid - current year	(946 784)	(835 266)
Balance Unpaid (included in Creditors)	-	-
33.5 Pension and Medical Aid Deductions		
Opening Balance	(31 745)	(31 745)
Current year Payroll Deductions and Council Contributions	388 487	486 463
Amount Paid - current year	(387 583)	(486 463)
Balance Unpaid (included in Creditors)	(30 841)	(31 745)

LAINGSBURG MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED for the year end 30 June 2010

	2010 R	2009 R
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33.7 Non-Compliance with Chapter 11 of the Municipal Finance Management Act

No known matters existed at reporting date.

34 COMMITMENTS FOR EXPENDITURE

34.1 Capital Commitments

Commitments in respect of Capital Expenditure:

- Approved and Contracted for:-

Infrastructure	-	2 720 475
	-	2 720 475
Total Capital Commitments	-	2 720 475

This expenditure will be financed from:

Government Grants	-	2 720 475
	-	2 720 475

35 FINANCIAL INSTRUMENTS

35.1 Classification

FINANCIAL ASSETS:

In accordance with IAS 39.09 the Financial Assets of the municipality are classified as follows (FVTPL = Fair Value through Profit or Loss):

<u>Financial Assets</u>	<u>Classification</u>		
Long-term Receivables			
Housing - Self build	Loans and receivables	57 619	47 254
Housing - Selling schemes	Loans and receivables	48 205	58 999
Consumer Debtors			
Services	Loans and receivables	462 513	510 587
Other Debtors	Loans and receivables	37 167	67 772
Other Debtors			
Government Subsidy Claims	Loans and receivables	2 353 288	1 989 819
Sundry Deposits	Loans and receivables	33 243	26 972
Sundry Debtors	Loans and receivables	392 603	643 858
Assessment Rates	Loans and receivables	1 394 248	1 124 169
VAT	Loans and receivables	631 065	285 725
Bank, Cash and Cash Equivalents			
Call Deposits	Held to maturity	9 785 009	10 595 662
Bank Balances	Available for sale	-	-
Cash Floats and Advances	Available for sale	1 350	650
Other Cash Equivalents	Available for sale	-	-

LAINGSBURG MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED for the year end 30 June 2010

		2010 R	2009 R
Current Portion of Long-term Receivables			
Car Loans	Loans and receivables	19 485	19 485
Debtors Capitalised Arrear Services	Loans and receivables	12 594	12 594
		15 228 386	15 383 544
		<u>30 456 772</u>	<u>30 767 089</u>
Loans and Receivables			
Long-term Receivables	Housing - Self build	57 619	47 254
Long-term Receivables	Housing - Selling schemes	48 205	58 999
Consumer Debtors	Services	462 513	510 587
Consumer Debtors	Other Debtors	37 167	67 772
Other Debtors	Government Subsidy Claims	2 353 288	1 989 819
Other Debtors	Sundry Deposits	33 243	26 972
Other Debtors	Sundry Debtors	392 603	643 858
Other Debtors	Assessment Rates	1 394 248	1 124 169
Other Debtors	VAT	631 065	285 725
Current Portion of Long-term Receivables	Car Loans	19 485	19 485
Current Portion of Long-term Receivables	Debtors Capitalised Arrear Services	12 594	12 594
		<u>5 442 027</u>	<u>4 787 232</u>
Available for Sale:			
Bank Balances and Cash	Bank Balances	-	-
Bank Balances and Cash	Cash Floats and Advances	1 350	650
Bank Balances and Cash	Other Cash Equivalents	-	-
Bank Balances and Cash	Call Deposits	9 785 009	10 595 662
		<u>9 786 359</u>	<u>10 596 312</u>
Total Financial Assets			
		<u>45 685 158</u>	<u>46 150 633</u>
		30 456 772	30 767 089

FINANCIAL LIABILITIES:

In accordance with IAS 39.09 the Financial Liabilities of the municipality are classified as follows (FVTPL = Fair Value through Profit or Loss):

<u>Financial Liabilities</u>	<u>Classification</u>		
Consumer Deposits			
Electricity and Water	Financial liabilities at amortised cost	242 713	223 785
Creditors			
Retention	Financial liabilities at amortised cost	58 381	-
Debtors in Credit	Financial liabilities at amortised cost	35 919	165 843
Sundry Deposits	Financial liabilities at amortised cost	41 950	714 848
Other Creditors	Financial liabilities at amortised cost	199 284	385 911
Operating Lease Liabilities	Financial liabilities at amortised cost	-	14 656
Unspent Conditional Grants and Receipts	Financial liabilities at amortised cost	4 943 207	3 177 375
Bank Overdraft	Financial liabilities at amortised cost	832 521	168 110

LAINGSBURG MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED for the year end 30 June 2010

		2010 R	2009 R
SUMMARY OF FINANCIAL LIABILITIES			
Financial Liabilities at Amortised Cost:			
Consumer Deposits	Electricity and Water	242 713	223 785
Creditors	Retention	58 381	-
Creditors	Debtors in Credit	35 919	165 843
Creditors	Sundry Deposits	41 950	714 848
Creditors	Other Creditors	199 284	385 911
Creditors	Operating Lease Liabilities	-	14 656
Creditors	Unspent Conditional Grants and Receipts	4 943 207	3 177 375
Bank Overdraft	Call Bonds	832 521	168 110
		<u>6 353 974</u>	<u>4 850 527</u>
Total Financial Liabilities		<u>6 353 974</u>	<u>4 850 527</u>

35.2 Fair Value

The Fair Values of Financial Assets and Financial Liabilities are determined as follows:

- the Fair Value of Financial Assets and Financial Liabilities with standard terms and conditions and traded on active liquid markets is determined with reference to quoted market prices;
- The Fair Value of other Financial Assets and Financial Liabilities is determined in accordance with generally accepted valuation techniques based on discounted cash flow analysis using interest rates currently charged or paid by other parties and the remaining term to repayment of the interest;

The fair value of Long-term Liabilities was determined after considering the standard terms and conditions of agreements entered into between the municipality and the relevant financing institutions.

The management of the municipality is of the opinion that the carrying value of Financial Assets and Financial Liabilities recorded at amortised cost in the Annual Financial Statements approximate their fair values. The fair value of Financial Assets and Financial Liabilities were determined after considering the standard terms and conditions of agreements entered into between the municipality and other parties as well as the the current payment ratio's of the municipality's debtors.

	30 June 2010		30 June 2009	
	Carrying Amount R	Fair Value R	Carrying Amount R	Fair Value R
FINANCIAL ASSETS				
Held to maturity:	9 786 359	9 786 359	10 596 312	10 596 312
Call Deposits	<u>9 786 359</u>	<u>9 786 359</u>	<u>10 596 312</u>	<u>10 596 312</u>
Loans and Receivables	5 409 948	5 409 948	4 787 232	4 787 232
Long-term Receivables	<u>105 823</u>	<u>105 823</u>	<u>106 252</u>	<u>106 252</u>
Consumer Debtors	499 680	499 680	578 358	578 358
Other Debtors	4 173 381	4 173 381	3 816 896	3 816 896
VAT Receivable	<u>631 065</u>	<u>631 065</u>	<u>285 725</u>	<u>285 725</u>
Available for Sale	-	-		
Bank Balances and Cash	<u>-</u>	<u>-</u>		
Total Financial Assets	<u>15 196 307</u>	<u>15 196 307</u>	<u>15 383 544</u>	<u>15 383 544</u>

LAINGSBURG MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED for the year end 30 June 2010

	2010		2009	
	R		R	
	30 June 2010		30 June 2009	
	Carrying Amount R	Fair Value R	Carrying Amount R	Fair Value R
FINANCIAL LIABILITIES				
Designated as FVTPL:	5 521 454	5 521 454	4 682 417	4 682 417
Trade and Other Payables:	5 521 454	5 521 454	4 682 417	4 682 417
- Consumer Deposits	242 713	242 713	223 785	223 785
- Creditors	335 534	335 534	1 281 257	1 281 257
- Unspent Conditional Grants	4 943 207	4 943 207	3 177 375	3 177 375
Bank Balances	832 521	832 521	168 110	168 110
Total Financial Liabilities	6 353 974	6 353 974	4 850 527	4 850 527
Total Financial Instruments	8 842 333	8 842 333	10 533 018	10 533 018

How does Annual profit change, depending on "Change in interest rate" ranging from 0% to 1% or -1% of its base values?

35.3 Capital Risk Management

The municipality manages its capital to ensure that the municipality will be able to continue as a going concern while delivering sustainable services to consumers through the optimisation of the debt and equity balance. The municipality's overall strategy remains unchanged from 2009.

The capital structure of the municipality consists of debt, Bank, Cash and Cash Equivalents and Equity, comprising Funds, Reserves and Accumulated Surplus as disclosed in Note 17 and the Statement of Changes in Net Assets.

LAINGSBURG MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED for the year end 30 June 2010

	2010 R	2009 R
<u>Gearing Ratio</u>		
	2010 R	2009 R
The gearing ratio at the year-end was as follows:		
Bank, Cash and Cash Equivalents	9 786 359	10 596 312
Net Debt	<u>9 786 359</u>	<u>10 596 312</u>
Equity	<u>49 463 821</u>	<u>49 478 898</u>
Net debt to equity ratio	<u>19.78%</u>	<u>21.42%</u>

Equity includes all Funds and Reserves of the municipality, disclosed as Net Assets in the Statement of Financial Performance.

35.4 Financial Risk Management Objectives

Due to the largely non-trading nature of activities and the way in which they are financed, municipalities are not exposed to the degree of financial risk faced by business entities. Financial Instruments play a much more limited role in creating or changing risks that would be typical of listed companies to which the IAS's mainly apply. Generally, Financial Assets and Liabilities are generated by day-to-day operational activities and are not held to manage the risks facing the municipality in undertaking its activities.

The Directorate: Financial Services monitors and manages the financial risks relating to the operations through internal policies and procedures. These risks include interest rate risk, credit risk and liquidity risk. Compliance with policies and procedures is reviewed by the internal auditors on a continuous basis, and annually by external auditors. The municipality does not enter into or trade financial instruments for speculative purposes.

Internal audit, responsible for initiating a control framework and monitoring and responding to potential risk, reports periodically to the municipality's audit committee, an independent body that monitors the effectiveness of the internal audit function.

35.5 Significant Accounting Policies

Details of the significant Accounting Policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of Financial Asset, Financial Liability and Equity Instrument are disclosed in the Accounting Policies to the Annual Financial Statements.

LAINGSBURG MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED for the year end 30 June 2010

2010	2009
R	R

35.6 Market Risk

The municipality's activities expose it primarily to the financial risks of changes in interest rates (see Note 34.8 below). No formal policy exists to hedge volatilities in the interest rate market.

There has been no change to the municipality's exposure to market risks or the manner in which it manages and measures the risk.

35.6.1 Foreign Currency Risk Management

The municipality's activities do not expose it to the financial risks of foreign currency and therefore has no formal policy to hedge volatilities in the interest rate market.

35.6.2 Interest Rate Risk Management

Interest Rate Risk is defined as the risk that the fair value or future cash flows associated with a financial instrument will fluctuate in amount as a result of market interest changes.

Potential concentrations of interest rate risk consist mainly of variable rate deposit investments, long-term receivables, consumer debtors, other debtors, bank and cash balances.

The municipality limits its counterparty exposures from its money market investment operations by only dealing with well-established financial institutions of high credit standing. No investment with a tenure exceeding twelve months shall be made without consultation with the councillor responsible for financial matters.

Consumer debtors comprise of a large number of ratepayers, dispersed across different industries and geographical areas. Ongoing credit evaluations are performed on the financial condition of these debtors. Consumer debtors are presented net of a provision for impairment.

In the case of debtors whose accounts become in arrears, it is endeavoured to collect such accounts by "levying of penalty charges", "demand for payment", "restriction of services" and, as a last resort, "handed over for collection", whichever procedure is applicable in terms of Council's Credit Control and Debt Collection Policy.

Long-term Receivables and Other Debtors are individually evaluated annually at balance Sheet date for impairment or discounting. A report on the various categories of debtors is drafted to substantiate such evaluation and subsequent impairment / discounting, where applicable.

The municipality's exposures to interest rates on Financial Assets and Financial Liabilities are detailed in the Credit Risk Management section of this note.

35.7 Liquidity Risk Management

Ultimate responsibility for liquidity risk management rests with the Council, which has built an appropriate liquidity risk management framework for the management of the municipality's short, medium and long-term funding and liquidity management requirements. The municipality manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

LAINGSBURG MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED for the year end 30 June 2010

35 FINANCIAL INSTRUMENTS (Continued)

35.8 Effective Interest Rates and Reprising Analysis

In accordance with IFRS 7 .40 the following tables indicate the average effective interest rates of Income-earning Financial Assets and Interest-bearing Financial Liabilities at the reporting date and the periods in which they mature or, if earlier, reprice:

30 June 2010

Description	Note ref in AFS	Average effective Interest Rate	Total	6 Months or less	6 - 12 Months	1 - 2 Years	2 - 5 Years	More than 5 Years
	#	%	R	R	R	R		R
FIXED RATE INSTRUMENTS								
Held-to-maturity Investments	6		9 786 359	9 786 359	-	-	-	-
Call Deposits			9 786 359	9 786 359	-	-	-	-
Total Fixed Rate Instruments			9 786 359	9 786 359	-	-	-	-
Total Fixed Rate Instruments			-	-	-	-	-	-

30 June 2009

Description	Note ref in AFS	Average effective Interest Rate	Total	6 Months or less	6 - 12 Months	1 - 2 Years	2 - 5 Years	More than 5 Years
	#	%	R	R	R	R		R
FIXED RATE INSTRUMENTS								
Held-to-maturity Investments	6		10 596 312	10 596 312	-	-	-	-
Call Deposits			10 596 312	10 596 312	-	-	-	-
Total Fixed Rate Instruments			10 596 312	10 596 312	-	-	-	-
Total Fixed Rate Instruments			-	-	-	-	-	-

35.9 Other Price Risks

The municipality is not exposed to equity price risks arising from equity investments as the municipality does not trade these investments.

LAINGSBURG MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED for the year end 30 June 2010

2010	2009
R	R

35 FINANCIAL INSTRUMENTS (Continued)

35.10 Credit Risk Management

Credit Risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the municipality. The municipality has a sound credit control and debt collection policy and obtains sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The municipality uses other publicly available financial information and its own trading records to assess its major customers. The municipality's exposure of its counterparties are monitored regularly.

Credit Risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the municipality. The municipality has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults.

Potential concentrations of credit rate risk consist mainly of variable rate deposit investments, long-term receivables, consumer debtors, other debtors, bank and cash balances.

The municipality limits its counterparty exposures from its money market investment operations (financial assets that are neither past due nor impaired) by only dealing with well-established financial institutions of high credit standing. The credit exposure to any single counterparty is managed by setting transaction / exposure limits, which are included in the municipality's Investment Policy. These limits are reviewed annually by the Chief Financial Officer and authorised by the Council.

Trade Receivables consist of a large number of customers, spread across diverse industries in the geographical area of the municipality. Periodic credit evaluation is performed on the financial condition of accounts receivable and, where appropriate, credit guarantee is increased accordingly.

Consumer Debtors comprise of a large number of ratepayers, dispersed across different industries and geographical areas within the jurisdiction of the municipality. On-going credit evaluations are performed on the financial condition of these debtors. Consumer debtors are presented net of a provision for impairment.

In the case of debtors whose accounts become in arrears, it is endeavoured to collect such accounts by "levying of penalty charges", "demand for payment", "restriction of services" and, as a last resort, "handed over for collection", whichever procedure is applicable in terms of Council's Credit Control and Debt Collection Policy.

Long-term Receivables and Other Debtors are individually evaluated annually at reporting date for impairment or discounting. A report on the various categories of debtors is drafted to substantiate such evaluation and subsequent impairment / discounting, where applicable.

The municipality does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics, except for Sasol who has large investments in the municipal area and does not pose any risk. The municipality defines counterparties as having similar characteristics if they are related entities. The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings.

LAINGSBURG MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED for the year end 30 June 2010

	2010 R	2009 R
The maximum credit and interest risk exposure in respect of the relevant financial instruments is as follows:		
Long-term Receivables	105 823	106 252
Consumer Debtors	499 680	578 358
Other Debtors	3 956 542	3 956 542
Bank, Cash and Cash Equivalents	9 786 359	10 596 312
Maximum Credit and Interest Risk Exposure	14 348 404	15 237 465

Credit quality of Financial Assets:

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates:

Total Finance Lease Receivables		-	-
Long-term Receivables			
Housing loans	Group 2	105 823	106 252
Total Long-term Receivables		105 823	106 252
		-	-
Counterparties without external credit rating:-			
All consumer debtors		796 638	578 358
		796 638	578 358
Total Consumer Debtors		796 638	578 358
Other Debtors			
Investments	Group 1	9 785 009	10 595 662
Total Other Debtors		9 785 009	10 595 662

Credit quality of groupings

Group 1 - High certainty of timely payment. Liquidity factors are strong and the risk of non-
Group 2 - Reasonable certainty of timely payment. Liquidity factors are sound, although on-going
Group 3 - Satisfactory liquidity factors and other factors which qualify the entity as investment

None of the financial assets that are fully performing have been renegotiated in the last year.

36 MULTI-EMPLOYER RETIREMENT BENEFIT INFORMATION

LAINGSBURG Municipality makes provision for post-retirement benefits to eligible councillors and employees, who belong to different pension schemes.

All councillors belong to the Pension Fund for Municipal Councillors.

Employees belong to a variety of approved Pension and Provident Funds as described below.

These funds are governed by the Pension Funds Act and include both defined benefit and defined contribution schemes.

All of these afore-mentioned funds are multi-employer plans and are subject to either a tri-annual, bi-annual or annual actuarial valuation, details which are provided below.

LAINGSBURG MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED for the year end 30 June 2010

Sufficient information is not available to use defined benefit accounting for the pension and retirement funds, due to the following reasons:-

- (i) The assets of each fund are held in one portfolio and are not notionally allocated to each of the participating employers.
- (ii) One set of financial statements are compiled for each fund and financial statements are not drafted for each participating employer.
- (iii) The same rate of contribution applies to all participating employers and no regard is paid to differences in the membership distribution of the participating employers.

It is therefore seen that each fund operates as a single entity and is not divided into sub-funds for each participating employer.

The only obligation of the municipality with respect to the retirement benefit plans is to make the specified contributions. Where councillors / employees leave the plans prior to full vesting of the contributions, the contributions payable by the municipality are reduced by the amount of forfeited contributions.

The total expense recognised in the Statement of Financial Performance of R6,2 million (2009: R5,6 million) represents contributions payable to these plans by the municipality at rates specified in the rules of the plans. These contributions have been expensed.

The total expense recognised in the Statement of Financial Performance of R694 545 (2007: R566 602) represents contributions payable to these plans by the municipality at rates specified in the rules of the plans. As at 30 June 2008, contributions of R8 000 (2007: R8 000) due in respect of the 2008 (2007) reporting period had not been paid over to the plans. The amounts were paid over subsequent to the balance sheet date (see Note 38.5).

The Retirement Funds have been valued by making use of the Discounted Cash Flow method of valuation.

Defined benefit plan accounting as required by IAS 19 / AC 116 have been exempted in terms of General Notice 522 of 2007 and had not been applied for the previous or current financial year.

DEFINED BENEFIT SCHEMES

Cape Joint Pension Fund:

The scheme is subject to an annual actuarial valuation. The last statutory valuation was performed as at 30 June 2009.

The statutory valuation performed as at 30 June 2009 revealed that the fund had a surplus of R0,0 (30 June 2008: R182,7) million, with a funding level of 100,0% (30 June 2008: 106,5%) and a solvency reserve with a closing balance of R200,6 (30 June 2008: R0,0) million. The contribution rate paid by the members (9,00%) and the municipalities (18,00%) is less than the recommended contribution rate of 32,1%.

The last valuation performed for the period ended 31 March 2006 revealed that the fund had a shortfall of R205 million, with a funding level of 83%. This will be taken into account in determining future surcharges, to be met by increased employer contributions. These surcharges are as follows:

- From 1 July 2006 14%

- From 1 July 2007 17%

The above-mentioned surcharge is payable until 1 July 2010. This position will be monitored on an annual basis.

Government Employees Pension Fund (GEPF):

The scheme is subject to an tri-annual actuarial valuation. The last statutory valuation was performed as at 30 June 2006.

The statutory valuation performed as at 30 June 2006 revealed that the fund had a surplus of R0,0 (30 June 2004: R-12,78) million, with a funding level of 100,0% (30 June 2004: 96,5%). The contribution rate paid by the members (7,00%) and the municipalities (13,00%) is sufficient to fund the benefits accruing from the fund in the future.

South African Local Authorities Pension Fund (SALA):

The scheme is subject to an annual actuarial valuation. The last statutory valuation was performed as at 1 July 2007.

The statutory valuation performed as at 1 July 2007 revealed that the fund had a surplus of 558,4 (1 July 2006: R286,0) million, with a funding level of 110% (1 July 2006: 106%). The contribution rate paid by the members (7,50% to 9,00%) and the municipalities (15,00% to 20,80%) is sufficient to fund the benefits accruing from the fund in the future.

Local Government Pension Fund:

No details could be provided for the fund and of any valuation performed.

A contribution rate is paid by the members (7,50%) and municipalities (between 15% and 22%).

DEFINED CONTRIBUTION SCHEMES

Cape Joint Pension Fund:

The scheme is subject to an annual actuarial valuation. The last statutory valuation was performed as at 30 June 2009.

LAINGSBURG MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED for the year end 30 June 2010

The statutory valuation performed as at 30 June 2009 revealed that the investment reserve of the fund amounted to R1 171 (30 June 2008: R12 033) million, with a funding level of 100,3% (30 June 2008: 103,3%). The contribution rate paid by the members (9,00%) and the municipalities (18,00%) is sufficient to fund the benefits accruing from the fund in the future.

LAINGSBURG MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED for the year end 30 June 2010

Cape Joint Retirement Fund:

The scheme is subject to an annual actuarial valuation. The last statutory valuation was performed as at 30 June 2009.

The statutory valuation performed as at 30 June 2009 revealed that the assets of the fund amounted to R6 842 (30 June 2008: R6 675) million, with funding levels of 100,8% and 131,9% (30 June 2008: 101,1% and 112,2%) for the Share Account and the Pensions Account respectively. The contribution rate paid by the members (9,00%) and the municipalities (18,00%) is sufficient to fund the benefits accruing from the fund in the future.

Municipal Councillors Pension Fund:

The scheme is subject to an annual actuarial valuation. The last statutory valuation was performed as at 30 June 2006.

The statutory valuation performed as at 30 June 2006 revealed that the fund had a funding ratio of 106.5%. The contribution rate paid by the members (13,75%) and Council (15,00%) is sufficient to fund the benefits accruing from the fund in the future.

The Municipal Councillors Pension Fund operates as a defined contribution scheme. The contribution rate paid by the members (13,75%) and Council (15,00%) is sufficient to fund the benefits accruing from the fund in the future. The actuarial valuation of the fund was undertaken at 30 June 2005 and reported a funding ratio of 147.3%.

Municipal Gratuity Fund:

The scheme is subject to an annual actuarial valuation. The last statutory valuation was performed as at 30 June 2009.

The valuation performed as at 30 June 2009 revealed that the market value of the fund was R8 248,8 (30 June 2008: R8 104,4) billion. The contribution rate payable is 7,50% by the member and 22,00% by the employer. The fund was certified to be in sound financial condition as at 30 June 2007.

National Fund for Municipal Workers:

The scheme is subject to an annual actuarial valuation. The last statutory valuation was performed as at 1 July 2008.

The statutory valuation performed as at 1 July 2008 revealed that the fund had a deficit of R6,3 (1 July 2007: surplus R9,5) million, with a funding level of 99,8% (1 July 2007: 100,3%). The contribution rate paid by the members (2,00% to 7,00%) and the municipalities (2,00% to 7,00%) is sufficient to fund the benefits accruing from the fund in the future, and the actuary was satisfied that the fund will continue to be able meet its liabilities.

South African Municipal Workers Union National Provident Fund:

The scheme is subject to an tri-annual actuarial valuation. The last statutory valuation was performed as at 30 June 2005.

The statutory valuation performed as at 30 June 2005 revealed that the fund had a funding ratio of 100.0% (30 June 2002: 100,0%). The contribution rate paid by the members (not less than 5,00%) and Council (not less than 12,00%) is sufficient to fund the benefits accruing from the fund in the future.

Liberty Life Pension Fund:

No details could be provided for the fund and of any valuation performed.

SANLAM Annuity Fund:

No details could be provided for the fund and of any valuation performed.

SANLAM Retirement Fund:

No details could be provided for the fund and of any valuation performed.

None of the above mentioned plans are State Plans.

LAINGSBURG MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED for the year end 30 June 2010

37 RELATED PARTY TRANSACTIONS

37.1 Services rendered to Related Parties

The municipality did not render any services during the year to anyone that can be considered as a related party.

During the year the municipality rendered services to the following related parties that are related to the municipality as indicated:

	Rates Charges R	Service Charges R	Sundry Charges R	Outstanding Balances R
For the Year ended 30 June 2010				
Councillors	5 816	36 584	8 585	50 985
Municipal Manager and Section 57 Personnel	2 151	6 633	18 150	26 934
Total Services	7 967	43 217	26 735	77 919
For the Year ended 30 June 2009				
Councillors	397 069	22 498	7 586	427 153
Municipal Manager and Section 57 Personnel	2 452	6 675	15 174	24 301
Total Services	399 521	29 173	22 760	451 454

The services rendered to Related Parties are charged at approved tariffs that were advertised to the public. No Bad Debts were written off or recognised in respect of amounts owed by Related Parties.

The amounts outstanding are unsecured and will be settled in cash. Consumer Deposits were received from Councillors, the Municipal Manager and Section 57 Personnel not on the salary deduction list. No expense has been recognised in the period for bad or doubtful debts in respect of the amounts owed by related parties.

38 IN-KIND DONATIONS AND ASSISTANCE

The municipality did not receive any In-kind Donations and Assistance during the year under review.

39 COMPARISON WITH THE BUDGET

The comparison of the municipality's actual financial performance with that budgeted, is set out in Annexures "E (1) and E (2)".

40 PRIVATE PUBLIC PARTNERSHIPS

The municipality was not a party to any Private Public Partnerships during the financial year 2009/2010.

41 EVENTS AFTER THE REPORTING DATE

Mrs L S Willemse that was found guilty of fraud was demisted. The exact amount involved can not be estimated at this stage but the external process are still going on.

LAINGSBURG MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED for the year end 30 June 2010

42 STANDARDS AND INTERPRETATIONS IN ISSUE NOT YET ADOPTED

At the date of authorisation of these Annual Financial Statements the municipality has not applied the following GRAP standards that have been issued, but are not yet effective:

- GRAP 18 Segment Reporting - issued March 2005
- GRAP 21 Impairment of Non-cash-generating Assets - issued March 2009
- GRAP 23 Revenue from Non-exchange Transactions (Taxes and Transfers) - issued February 2008
- GRAP 24 Presentation of Budget Information in Financial Statements - issued November 2007
- GRAP 25 Employee Benefits - issued December 2009
- GRAP 26 Impairment of Cash-generating Assets - issued March 2009
- GRAP 103 Heritage Assets - issued July 2008
- GRAP 104 Financial Instruments - issued October 2009

Application of all of the above GRAP standards will be effective from a date to be announced by the Minister of Finance. This date is not currently available.

Management has considered all the GRAP standards issued but not yet effective and anticipates that the adoption of these standards will not have a significant impact on the financial position, financial performance or cash flows of the municipality.

43 STANDARDS AND INTERPRETATIONS IN ISSUE NOT YET ADOPTED

At the date of authorisation of these Annual Financial Statements the municipality has not applied the following GRAP standards that have been issued, but are not yet effective:

- GRAP 18 Segment Reporting - issued March 2005
- GRAP 21 Impairment of Non-cash-generating Assets - issued March 2009
- GRAP 23 Revenue from Non-exchange Transactions (Taxes and Transfers) - issued February 2008
- GRAP 24 Presentation of Budget Information in Financial Statements - issued November 2007
- GRAP 25 Employee Benefits - issued December 2009
- GRAP 26 Impairment of Cash-generating Assets - issued March 2009
- GRAP 103 Heritage Assets - issued July 2008
- GRAP 104 Financial Instruments - issued October 2009

Application of all of the above GRAP standards will be effective from a date to be announced by the Minister of Finance. This date is not currently available.

Management has considered all the GRAP standards issued but not yet effective and anticipates that the adoption of these standards will not have a significant impact on the financial position, financial performance or cash flows of the municipality.

44 Water Losses

Laingsburg Municipality experience major problems with water losses which originated from the floods in 1981. An investigation was done to try to find the cause of these water losses. The investigation found that major water losses occur, but were unable to identify where it originate from. Due to these findings the Department of Water Affairs allocated funds to Laingsburg Municipality to do a water leakage detection investigation during the 2009/2010 financial year and future funds are now allocated for more studies in the 2010 / 2011 financial year.. Due to the fact that the damage is impracticable to calculate the issue was just disclosed.

45 VAT AUDIT

A VAT audit has been done by SARS but no results has been submitted.

46 IRREGULAR EXPENDITURE DISALLOWED

Reconciliation of Irregular Expenditure:

Opening balance	-	-
Irregular Expenditure current year	1 810 558	2 664 701
Condoned or written off by Council	-	-
Irregular Expenditure awaiting condonement	<u>1 810 558</u>	<u>2 664 701</u>

Incident	Disciplinary Steps / Criminal Proceedings
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LAINGSBURG MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED for the year end 30 June 2010

Procurement process not followed	No disciplinary steps have been followed to date as the Municipality was of the opinion that no irregular expenditure was incurred for the year under review. The regularity audit revealed that although the municipality had valid reasons to deviate from the procurement procedures, there was no evidence to support the deviation. The municipality will endeavour to avoid irregular expenditure in future. Irregular expenditure for the year under review will be approved by the council in the next council meeting.
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APPENDIX A
LAINGSBURG MUNICIPALITY

SCHEDULE OF EXTERNAL LOANS AS AT for the year end 30 June 2010

Details	Original Loan Amount	Interest Rate	Loan Number	Redeemable	Balance at 30 June 2009	Received during the Period	Redeemed/ Written Off during Period
LOCAL REGISTERED STOCK	R				R	R	R
Total Registered Stock	-				-	-	-
ANNUITY LOANS							
Total Annuity Loans	-				-	-	-
CAPITAL LEASE LIABILITIES							
Total Capital Lease Liabilities	-				-	-	-
GOVERNMENT LOANS					-	-	-
Total Government Loans	-				-	-	-
OTHER LOANS							
Total Other Loans	-				-	-	-
TOTAL EXTERNAL LOANS	-				-	-	-

Balance at 30 June 2010
R
-
-
-
-
-
-
-
-

APPENDIX B
LAINGSBURG MUNICIPALITY
ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT AS AT for the year end 30 June 2010

Description	Asset Code	Historical Cost			Accumulated Depreciation			Carrying Value
		Opening Balance	Additions	Closing Balance	Opening Balance	Additions	Closing Balance	
Land and Buildings		R	R	R	R	R	R	R
Land		1 611 141	-	1 611 141	246 719	54 558	301 277	1 309 864
Office Buildings		524 400	-	524 400	-	-	-	524 400
		2 135 541	-	2 135 541	246 719	54 558	301 277	1 834 264
Infrastructure								
<i>Electricity:</i>								
Supply and Reticulation		2 147 534	-	2 147 534	1 154 671	87 332	1 242 003	905 531
<i>Roads:</i>								
Streets, Roads and Storm water		14 447 518	1 480 243	15 927 761	6 857 148	853 370	7 710 518	8 217 243
Street Lighting		1 381 927	2 172 956	3 554 882	390 736	139 824	530 560	3 024 323
Taxi Parking		259 356	-	259 356	-	-	-	259 356
		-						
<i>Sanitation:</i>								
Compacting Stations		-	-	-	-	-	-	-
Tip Sites		548 819	375 637	924 456	196 975	39 913	236 887	687 568
<i>Sewerage:</i>								
Purification Works		6 384 722	1 206 642	7 591 363	3 896 610	317 563	4 214 173	3 377 190
<i>Water:</i>								
Supply and Reticulation		12 621 100	446 615	13 067 715	4 127 478	607 441	4 734 920	8 332 796
		37 790 976	5 682 092	43 473 067	16 623 618	2 045 443	18 669 061	24 804 007

APPENDIX B
LAINGSBURG MUNICIPALITY
ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT AS AT for the year end 30 June 2010

Description	Asset Code	Historical Cost			Accumulated Depreciation			Carrying Value
		Opening Balance	Additions	Closing Balance	Opening Balance	Additions	Closing Balance	
		R	R	R	R	R	R	R
Community Assets								
Fire Stations		36 428	-	36 428	16 542	3 027	19 569	16 860
Parks		83 397	-	83 397	19 362	5 950	25 312	58 085
Sport		4 663 909	-	4 663 909	973 368	192 531	1 165 899	3 498 010
Community Facilities		11 376 906	-	11 376 906	1 714 291	379 984	2 094 275	9 282 631
Libraries		18 824	-	18 824	18 824	-	18 824	-
Play Parks		16 370	72 360	88 730	8 502	498	9 000	79 730
Cemeteries		586 888	-	586 888	149 150	18 427	167 578	419 310
Wall of Remembrances		2 014	-	2 014	2 014	-	2 014	-
		16 784 737	72 360	16 857 096	2 902 053	600 417	3 502 470	13 354 626
Housing								
Housing Schemes		1 463 000	-	1 463 000	386 263	46 418	432 681	1 030 319
		1 463 000	-	1 463 000	386 263	46 418	432 681	1 030 319
Other Assets								
<i>Aircraft:</i>								
Motor Vehicles		1 185 484	4 124	1 189 608	728 140	172 354	900 494	289 115
Tools and Equipment		1 492 012	442 442	1 934 454	1 058 299	154 519	1 212 818	721 636
Office Furniture and Equipment		1 109 674	20 188	1 129 862	718 149	115 949	834 098	295 764
Security and Equipment		268 456	-	268 456	175 870	13 556	189 426	79 030
Other Assets		775 926	-	775 926	410 942	29 574	440 516	335 409
		4 831 552	466 754	5 298 306	3 091 401	485 951	3 577 352	1 720 954
Total		63 005 805	6 221 205	69 227 010	23 250 053	3 232 787	26 482 840	42 744 170
Investment Properties								
Farm (Zoutkloof)		51 926	-	51 926	41 263	516	41 779	10 148
Land		319 907	-	319 907	87 950	719	88 668	231 239
Rented Houses		1 820 109	-	1 820 109	500 344	60 329	560 673	1 259 435
		2 191 942	-	2 191 942	629 556	61 564	691 120	1 500 822
Total Fixed Asset Register		65 197 747	6 221 205	71 418 952	23 879 610	3 294 351	27 173 960	44 244 992

APPENDIX C
LAINGSBURG MUNICIPALITY
SEGMENTAL ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT AS AT for the year end 30 June 2010

Description	Cost / Revaluation			Accumulated Depreciation			Carrying Value
	Opening Balance	Additions	Closing Balance	Opening Balance	Additions	Closing Balance	
	R	R	R	R	R	R	R
Executive and Council	440 081	42 258	482 339	431 770	5 299	437 069	45 270
Finance and Administration	1 246 497	1 517 512	2 764 009	794 914	215 524	1 010 439	1 753 570
Planning and Development	30 542	-	30 542	10 320	5 801	16 121	14 422
Health	11 199	-	11 199	11 199	-	11 199	-
Community and Social Services	7 616 826	72 360	7 689 186	1 568 374	30 916	1 599 290	6 089 896
Housing	1 463 000	-	1 463 000	386 263	46 418	432 681	1 030 319
Public Safety	626 498	46 588	673 086	253 698	27 136	280 834	392 252
Sport and Recreation	4 109 022	-	4 109 022	975 171	81 587	1 056 758	3 052 264
Waste Management	7 886 791	1 790 324	9 677 115	4 610 097	443 057	5 053 153	4 623 962
Roads and Transport	16 986 216	2 326 967	19 313 183	7 906 753	1 069 727	8 976 480	10 336 703
Water	12 696 291	422 089	13 118 380	4 147 476	378 840	4 526 316	8 592 063
Electricity	2 148 236	-	2 148 236	1 131 388	66 702	1 198 090	950 146
Other	9 936 548	3 108	9 939 656	1 652 186	923 343	2 575 529	7 364 126
Total	65 197 747	6 221 205	71 418 952	23 879 610	3 294 351	27 173 960	44 244 992

APPENDIX D
LAINGSBURG MUNICIPALITY

SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED for the year end 30 June 2010

2009 Actual Income	2009 Budgeted Income	2009 Actual Expenditure	2009 Budgeted Expenditure	2009 Surplus/ (Deficit)	Description	2010 Actual Income	2010 Budgeted Income	2010 Actual Expenditure	2010 Budgeted Expenditure	2010 Surplus/ (Deficit)
R	R	R	R	R		R	R	R	R	R
4 586 807	7 216 249	4 236 355	4 644 843	350 452	Executive and Council	5 686 768	8 504 537	2 346 918	7 577 526	3 339 850
4 566 457	4 522 141	4 632 738	5 109 858	(66 281)	Finance and Administration	7 141 651	5 809 490	7 550 677	8 749 577	(409 026)
-	-	196 031	308 987	(196 031)	Planning and Development	-	-	327 080	229 583	(327 080)
37 965	18 200	129 154	139 241	(91 189)	Health	30 008	18 240	156 602	96 000	(126 594)
82 128	73 350	738 866	790 252	(656 738)	Community and Social Services	72 254	68 980	792 288	692 136	(720 034)
28 718	42 110	58 319	-	(29 601)	Housing	27 362	19 485	81 581	62 918	(54 220)
2 069 235	1 883 700	1 452 692	1 202 116	616 543	Public Safety	1 373 328	1 599 640	1 728 763	1 196 529	(355 434)
10 659	500	888 155	881 112	(877 497)	Sport and Recreation	8 359	500	1 082 278	649 179	(1 073 919)
1 932 354	1 876 319	2 220 460	2 152 645	(288 106)	Waste Management	3 762 584	2 059 420	2 035 575	1 678 898	1 727 009
989 617	30 810	3 182 453	3 281 331	(2 192 837)	Roads and Transport	2 219 563	17 500	3 857 324	3 491 649	(1 637 761)
3 530 675	1 577 110	1 771 129	2 086 647	1 759 545	Water	1 773 027	2 662 980	2 319 950	2 477 698	(546 923)
3 357 519	3 278 875	3 489 390	3 527 550	(131 871)	Electricity	4 486 031	4 575 242	4 432 429	3 511 732	53 602
-	-	11 587	16 279	(11 587)	Other	-	-	12 398	48 885	(12 398)
					Less: Transfers		5 126 297			-
21 192 133	20 519 364	23 007 329	24 140 861	(1 815 197)	Sub-Total	26 580 935	30 462 311	26 723 863	30 462 311	(142 928)
-	-	-	-	-		-	-	-	-	-
21 192 133	20 519 364	23 007 329	24 140 861	(1 815 197)	Total	26 580 935	30 462 311	26 723 863	30 462 311	(142 928)

APPENDIX E(1)
LAINGSBURG MUNICIPALITY
ACTUAL VERSUS BUDGET (REVENUE AND EXPENDITURE) FOR THE YEAR ENDED for the year end 30 June 2010

Description	2009/2010 Actual	2009/2010 Budget	2009/2010 Variance	2009/2010 Variance	Explanation of Significant Variances greater than 10% versus Budget
REVENUE	R	R	R	%	
Property Rates	1 794 372	1 840 784	(46 412)	(2.59)	
Property Rates - Penalties imposed and collection charges	2 867	2 000	867	30.25	Revenue budgeted for under Interest Earned - Outstanding debtors
Service Charges	7 835 750	8 049 298	(213 548)	(2.73)	
Rental of Facilities and Equipment	532 530	434 660	97 870	18.38	Good performance by relevant departments
Interest Earned - External investments	796 571	1 030 000	(233 429)	(29.30)	More funds available for investment as a result of unspent grant moneys
Interest Earned - Outstanding debtors	75 729	60 000	15 729	20.77	Increase due to increased outstanding amounts for debtors
Fines	1 271 389	1 589 000	(317 611)	(24.98)	Under performance of the Traffic Department
Licences and Permits	102 058	10 140	91 918	90.06	Previous years' moneys now collected
Income for Agency Services	98 613	55 000	43 613	44.23	
Government Grants and Subsidies	13 738 985	12 204 537	1 534 448	11.17	Capital grant receipts now excluded in performance statement in terms of IAS 20
Other Income	206 814	60 595	146 219	70.70	
Public Contributions and Donations	125 257	-	125 257	100.00	Optimistic budget based on previous years' receipts
Total Revenue	26 580 935	25 336 014	1 244 921	4.91	
EXPENDITURE					
Employee Related Costs	7 290 173	7 117 415	172 758	2.37	
Remuneration of Councillors	2 219 128	2 081 112	138 016	6.22	
Collection Costs	614	12 000	(11 386)	(1 854.27)	
Depreciation	3 294 350	3 861 466	(567 116)	(17.21)	Budgeted for capital redemption - not aligned to GRAP-format
Repairs and Maintenance	1 020 695	1 124 650	(103 955)	(10.18)	
Bulk Purchases	2 815 242	3 250 000	(434 758)	(15.44)	
Contracted Services	1 293 936	1 420 000	(126 064)	(9.74)	Expenditure for Professional Services and Security Services exceeded budget
Grants and Subsidies Paid	1 788 440	2 096 959	(308 519)	(17.25)	The result of the NT Budget requirements not aligned to GRAP
General Expenses	6 297 382	9 498 709	(3 201 327)	(50.84)	
Less Transfers	-	(5 126 297)	5 126 297		
Total Expenditure	26 723 863	25 336 014	1 387 849	5.48	
NET SURPLUS / (DEFICIT) FOR THE YEAR	(142 928)	-	(142 928)		

APPENDIX E(2)
LAINGSBURG MUNICIPALITY

ACTUAL VERSUS BUDGET (ACQUISITION OF PROPERTY, PLANT AND EQUIPMENT) FOR THE YEAR ENDED for the year end 30 June 2010

Description	2009/2010	2009/2010	2009/2010	2009/2010	2009/2010	Explanation of Significant Variances greater than 5% versus Budget
	Actual	Total Additions	Budget	Variance	Variance	
	R	R	R	R	%	
Executive and Council	42 258	42 258	42 258	(0)	(0.00)	
Finance and Administration	1 517 512	1 517 512	200 667	1 316 845	656.23	Sifting of projects
Planning and Development	-	-	1 500	(1 500)	(100.00)	Expenditure incurred in Operational Budget
Community and Social Services	72 360	72 360	140 000	(67 640)	(48.31)	ONE Projects were not executed
Housing	-	-	3 596 852	(3 596 852)	(100.00)	Projects did not realised
Public Safety	46 588	46 588	121 050	(74 462)	(61.51)	Projects approved - was reallocate to other department
Sport and Recreation	-	-	134 716	(134 716)	(100.00)	Projects approved - was reallocate to other department
Waste Management	1 790 324	1 790 324	1 928 100	(137 776)	(7.15)	Projects commenced late in financial year and was carried over to 2009/10
Roads and Transport	2 326 967	2 326 967	4 338 100	(2 011 133)	(46.36)	Projects commenced late in financial year and was carried over to 2009/10
Water	422 089	422 089	2 275 000	(1 852 911)	(81.45)	Projects commenced late in financial year and was carried over to 2009/10
Electricity	-	-	220 000	(220 000)	(100.00)	Suitable supplier could not be found
Other	3 108	3 108	618 018	(614 910)	(99.50)	Tender process uphold process and carried over 2009/2010
Total	6 221 205	6 221 205	13 616 261	(7 395 056)	(54.31)	

APPENDIX F
LAINGSBURG MUNICIPALITY
DISCLOSURE OF GRANTS AND SUBSIDIES IN TERMS OF SECTION 123 OF MFMA, 56 OF 2003

Grants and Subsidies Received

Name of Grant	Name of Organ of State or Municipal Entity	Quarterly Receipts					Quarterly Expenditure					Grants and Subsidies Delayed / Withheld					Reason for Delay / Withholding of Funds	Compliance to Revenue Act (*) See below	Reason for Non-compliance
		June	Sept	Dec	March	June	June	Sept	Dec	March	June	June	Sept	Dec	March	June		Yes / No	
FMG	Nat Treasury	0	750 000	0	0	0	0	204 870	202 827	136 583	254 946	N/A	N/A	N/A	N/A	N/A	N/A	Yes	N/A
MIG Projects	MIG	0	1 800 000	1 700 000	771 000	4 000 000	0	0	0	0	0	N/A	N/A	N/A	N/A	N/A	N/A	Yes	N/A
MSIG	Nat Treasury	0	735 000	0	0	0	0	469 000	384 000	547 030	0	N/A	N/A	N/A	N/A	N/A	N/A	Yes	N/A
Equitable Share	Nat Treasury	0	2 273 865	1 818 820	1 437 053	0	0	1 382 434	1 382 434	1 382 434	1 382 436	N/A	N/A	N/A	N/A	N/A	N/A	Yes	N/A
MASIBAMBANE	DWA	0	0	0	462 000	0	0	0	0	157 895	219 958	N/A	N/A	N/A	N/A	N/A	N/A	Yes	N/A
CDW'S	Province	0	0	0	120 000	0	0	0	0	0	0	N/A	N/A	N/A	N/A	N/A	N/A	Yes	N/A
DEPT TRANSPORT	Province	0	0	0	10 000	0	0	10 000	0	0	0	N/A	N/A	N/A	N/A	N/A	N/A	Yes	N/A
DEPT CULT	Province	0	12 250	12 250	38 500	0	0	15 750	15 750	15 750	15 750	N/A	N/A	N/A	N/A	N/A	N/A	Yes	N/A
Sport & Recreation	Province	0	0	0	0	0	0	0	0	0	0	N/A	N/A	N/A	N/A	N/A	N/A	Yes	N/A
Total Grants and Subsidies Received		0	5 571 115	3 531 070	2 838 553	4 000 000	0	2 082 054	1 985 011	2 239 692	1 873 090	0	0	0	0	0			